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Modern Global Trade and the Asian Regional Economy

 Springer

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ISSN 2364-2394 ISSN 2364-2408 (electronic)
Monograph Series of the Socio-Economic History Society, Japan
ISBN 978-981-13-0374-6 ISBN 978-981-13-0375-3 (eBook)
<https://doi.org/10.1007/978-981-13-0375-3>

Library of Congress Control Number: 2018940421

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Printed on acid-free paper

This Springer imprint is published by the registered company Springer Nature Singapore Pte Ltd. part of Springer Nature
The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

Preface

This is the fifth volume in a monograph series published by the Socio-Economic History Society, Japan, and Springer. It contains four articles related to the role of Asia in the global trade of the modern era and four reviews of books about the economies of Asia. All the pieces were originally published in the Society's Japanese-language journal, but some changes have been made to the English versions in order to make them accessible to a wider readership.

As globalization accelerates, in other words, as the economic and social interdependence of different parts of the world becomes ever greater, historical research has shifted in response, from a focus on individual nations to the origins and processes that have deepened ties across the world. The result has been the emergence of global history as a discipline that uses comparative history and the history of the connections joining different regions and countries as its two main approaches (Mizushima 2008; O'Brien 2006). Haneda (2016) has called for scholars of East Asian history to adopt this conceptual framework.

Meanwhile, historical research on Asia in Japan itself since the 1980s has taken a regional view of the transformation of Asian countries that occurred from the nineteenth century against the background of the growing interconnectivity of the world economy, leading to the theory of "intra-Asian trade zones" (Sugihara 1996; Hamashita and Kawakatsu 1991). One element in this transformation was the deepening of an interdependence between Asian economies that already existed in the eighteenth century as a result of regional trade and human interactions. Another element was the interconnectedness of different economies, as can be seen—for example—in the processes involved in industrialization. The result has been an accumulation of research on merchant networks and trade in Asia, and the role of coastal cities.

For example, Naoto Kagotani can be seen as representative of the scholars working on the nature of Asian trade zones. Studies of the challenges faced by Japan after its 1859 incorporation into the treaty port system have traditionally emphasized "the impact of the West", as evidenced by military power and technology. But Kagotani (2000) has demonstrated "the impact of Asia" in the form of the trade networks that Chinese merchants had already created, both within Asia

and beyond. Similarly, Furuta (2000) has examined the re-exporting activities of Chinese merchants centered in Shanghai, who sold cloth originally manufactured in Britain throughout East Asia, including the Japanese city of Kobe. Her research shows how this “Shanghai network” served as a bridge between the Japanese market on one side and British industrial capital on the other, passing over the barriers between nation-states to link domestic, intra-Asian, and extra-Asian trade.

In fact, the appearance of merchants and commodities that cross borders without any direct links between the original country of export and the final country of purchase is an important feature in the development of global trade in Asia. These movements of people and things determined the nature of global trade throughout the world, while also deepening their links with empires, which themselves had a wide political and socioeconomic influence through the establishment of colonies, foreign settlements, treaty ports, and the like (Kagotani and Wakimura 2009). The relationship joining the wide-ranging political authority of empires to merchants and commodities that move across borders is one of the important themes that intersect research into global trade and research into the regional economic history of Asia. The four articles in this volume examine this issue in relation to different topics, areas, and times.

Chapter 1, the article by Yūko Kudō, uses the trade in Java sugar, the main export item for the Dutch East Indies, to examine the relationship between the Dutch banks that provided purchasing capital and the Chinese merchants who handled distribution. She shows the dramatic effect on this relationship of the 1917 collapse in the price of sugar, at the time of the First World War. Before then, the two sides were interdependent: the banks provided purchasing capital with sugar as the collateral, while the merchants secured customers. Afterwards, however, banks adopted a policy of risk avoidance, trading directly with high-powered merchants but using Chinese banks as intermediaries in their dealings with small and medium ones. In Chap. 2, Atsushi Kobayashi clarifies the importance of Chinese merchants in the development of Singapore as a hub for diversified intra-regional trade through their role as mediators between their local counterparts and merchants of Western origin.

Chapter 2 refers to the links between Asia and the West in the cotton trade; these are further analyzed by Kazuo Kobayashi in Chap. 3, with particular reference to British colonies in Africa. His case study of the firm of Thomas Lumley, a British merchant, shows that re-exported cotton textiles from India were the favored item of exchange for slaves on the African market. In Chap. 4, Toyomu Masaki reveals that links joining the long-distance trade in Asian commodities carried to Western countries by Western merchants to trade between the same countries and Africa also played a significant role in the case of France and its colonies. Here, the focus is on *guinée bleue*, the dark blue cloth of Indian origin that France exported to Senegal, and the economic links between colonies in India and Africa that arose from their joint incorporation into the French Empire.

While the four articles focus on the interactions within Asia and beyond with relation to trade, the book reviews examine studies of Asian comparative history. The works in question are a comparative analysis of the economies of Japan, Europe, and Asia by Osamu Saitō (Chap. 5); a collection of articles that present tropical zones as an alternative paradigm to existing economic analyses of temperate zones (Chap. 6, edited by Kaoru Sugihara, Kōhei Wakiyama, Kōichi Fujita, and Akio Tanabe); a collection of articles that examine various examples in early modern Asia of the “Industrious Revolution” model of labor-intensive economic development in land-scarce areas (Chap. 7, edited by Mario Ōshima); and a collection of articles that question the Western model of the development of market economies by examining the market order found in China (Chap. 8, edited by Kazuko Furuta).

Finally, I would like to thank Louisa Rubinfien for her translation of Chaps. 1 and 6 and proofreading of Chap. 2; Dr. Helen Ballhatchet for her translation of Chaps. 4 and 5 and proofreading of Chap. 3; and Dr. Kōichi Inaba for translation of Chaps. 7 and 8.

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About the Editor

Tomoko Shiroyama is a professor in the Graduate School of Economics, the University of Tokyo. Professor Shiroyama received her B.A. and M.A. from the University of Tokyo and was awarded a Ph.D. by Harvard University (History, 1999). Her book *China During the Great Depression: Market, State, and the World Economy, 1929–1937* (Harvard Asia Center, 2008) has been translated into Chinese and Japanese and was awarded the Masayoshi Ohira Memorial Prize in 2012. Her research is on the banking and monetary system of modern China, the finance of Chinese businesses, and the trans-regional movement of goods, people, and institutions in Asia. Her most recent book, co-edited by Chi Cheung Choi and Takashi Oishi, *Chinese and Indian Merchants in Modern Asia: Networking Businesses and Formation of Regional Economy* (Brill, forthcoming), examines the internal dynamics of Chinese and Indian merchant houses in the nineteenth and twentieth centuries, and explores their relationships with the Western powers in the region. Shiroyama is currently leading a project supported by the Japan Society for the Promotion of Science called “Hydrosphere and Socioeconomics in Modern Asia: Exploring a New Regional History Using a Database and Spatial Analysis”, which combines meteorological history, hydrological history, and socioeconomic history.

Part I
Asian Merchants and Commodities in the
Global Trade of the Modern Era

Chapter 1

Dutch Bank Transactions with Chinese Traders in the Dutch East Indies: The Java Sugar Trade and the 1917 Sugar Crisis



Yuko Kudo

Abstract This paper examines the trade in Java sugar, a major export of the Dutch East Indies, to ascertain the nature of the relationship between Chinese traders and Dutch banks from a financing perspective. Focusing on Semarang in Central Java, the center of the Chinese merchant-based sugar trade, the paper clarifies the mechanism by which sugar moved from mill to purchasing dealer to export. It particularly focuses on the changes in purchasing by Chinese traders triggered by the 1917 sugar crisis late in the First World War. Prior to the sugar crisis, Dutch banks and Chinese traders had a relationship of interdependence: with export sugar serving as collateral, banks provided funding to traders who secured buyers for the export sugar. However, with the start of World War I, the large sums of money flowing into the market from the banks led to rampant speculation by the traders, which in turn engendered a crisis when sugar prices dropped in 1917. In the wake of this crisis, the Dutch banks established the Java Association of Sugar Producers (Vereenigde Javasuiker Producenten: VJSP) in Surabaya to centralize sales of Java sugar. In the 1920s, VJSP established sales controls, prioritizing sales to European companies and to the Japanese trading companies newly entering the market. At the same time, the Dutch banks restricted the supply of funds to the Chinese traders, seeking to suppress speculation through a careful selection of suppliers and by supplying funds indirectly through the mediation of a Chinese bank. Semarang's Chinese traders thus fell into two distinct categories—powerful traders who had their own capital and overseas sales experience, and the small- and medium-sized traders—while the market shrank to small-scale transactions centered principally on resale.

Keywords Bank · Chinese · Dutch East Indies · Sugar · Trade

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© Socio-Economic History Society, Japan 2018
T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_1

1 Introduction

Java sugar production increased at the start of the 20th century, and as a major export product, sugar developed into one of the colonial economy's leading industries. The main theme of this paper is to clarify the role of Java's Chinese traders in the sugar trading and export process, and by examining the relationship between Dutch sugar companies and financial institutions, to ascertain how Chinese trading entities entered the industry in the colonial era. In particular, I will examine the business relations between producers, financial institutions, and Chinese traders and the changes triggered by the sugar crisis of 1917.¹

A number of studies have produced research on the early 20th century Java sugar industry, principally through the lens of production, capital, foreign markets, and local residents' labor and land problems. It has been noted that while Dutch capital was overwhelmingly dominant in the production sector of the sugar industry's structure as a whole, the distribution and export sectors were highly mixed, with Dutch companies but also other European and Asian firms as well. This was related to the fact that the Java sugar market was cut off from the metropole in the Netherlands when it began consuming beet sugar after the turn of the century and that exports to Asia were strengthened as a result (Tio 1923; Japan External Trade Research Center 1944; Kano 2003, pp. 113–130).

In recent years, attention has also focused on the role of Chinese traders in the distribution sector, as part of research on the structure of sugar trade within the East and Southeast Asian region as a whole. Hirai Kensuke, for example, noted the entry of exports to China by Chinese traders in Southeast Asia, as part of a broad examination of the changing relationship between Java sugar and Japanese refined sugar in the Chinese market (Hirai 2010, pp. 71–92).

In addition, Knight argued that the major Chinese traders in Java strengthened their relationship with the Bank of Taiwan with a view to trading in the East Asian market. (Knight 2010, pp. 477–515). In this way, it is understood that Chinese traders in Java played a certain role in the sale of Java sugar, and that, especially in the case of leading traders such as Kian Gwan and Kwik Hoo Tong, the international networks and multinational nature of the trade built between Japan and China became the driving force for development (Yoshihara 1989, pp. 137–175; Post 2002; Claver 2014, pp. 283–348).

There has not been much emphasis, however, on placing “Chinese sugar traders” in the structure of Java's sugar industry as a whole, by tracing, for example, the economic conditions in the Dutch East Indies under which certain sugar producers with international operations, entered into and developed the business. In fact, besides the influential Chinese traders mentioned above, many nameless Chinese traders also entered the sugar-buying trade, and during the Java sugar industry's peak period in the 1920s, Chinese traders accounted for 30% of total sugar purchases. There have

¹“Chinese traders” here refers to Chinese people involved in trade. Besides the managers of trading companies registered as corporations (the *handelsmaatshappij*), this also includes merchants that operated under company or individual names.

not yet, however, been any analyses of small and medium-scale traders and how they conducted their business.

This paper therefore focuses on Semarang, a central Java port town where of the Chinese merchants' sugar trade was centered. It seeks to elucidate the flow of funds between Dutch banks and Chinese traders through an examination of the records of their transactions.² It focuses in particular on the sugar crisis of 1917, discussing the reasons behind the greater restrictions on funds to Chinese traders, along with the impact of that change on the traders themselves, the Dutch banks, and the producers, who had been deeply interdependent in the sugar trade of the early 20th century.

The main historical materials used here are documents from the *Nederlandsche Handel—Maatschappij* (NHM), and the Dutch East Indies Commercial Bank or *Nederlandsch—Indische Handelsbank* (NIHB), representatives of the *cultuurbanken* that were at the core of the Java sugar industry.³ The *cultuurbanken* not only provided long-term funding to the sugar industry but also received income in the form of fees paid for accepting consignments of produced sugar. Records remain that pertain to their transactions with the Chinese traders. I also use materials from De Javasche Bank (DJB), which, as the colony's central bank, was deeply involved in colonial policy. Besides issuing bonds, this bank also handled commercial lending. The correspondence exchanged among its branches, along with reports of all kinds, offer insight into the bank's relationships with the Chinese traders and about the economic situation at any given moment. Records of the *Vereenigde Javasuiker Producenten* (VJSP), the sugar sales control agency established toward the end of World War I, are useful principally to pertain to verify the conditions under which sugar was sold in the 1920s and the means by which purchasers procured their funding.

The period under discussion, from the beginning of the 1900s to the mid-1920s, is divided into three phases. In the first phase from the early 1900s until World War I, when exports of Java sugar were reaching full scale, *cultuurbanken* loans to Chinese traders for sugar purchases increased rapidly (Part 1). The second phase was the chaotic period of the First World War. The sudden rise in sugar prices during the war led to feverish speculation by Chinese traders, which in turn led to the 1917 "sugar crisis." Prices plummeted and Chinese traders collapsed one after another. In response to the crisis, the *cultuurbanken* and sugar mills became more vigilant in their relations with Chinese traders, and established controls on sales (Part 2). The third phase was during the 1920s, when the sales controls were in effect. Exports

²Java sugar's production area is concentrated between the central and eastern parts of the island, and Surabaya and Semarang were the major ports for shipping the product. Whereas leading European trading companies dominated the trade in Surabaya, in Semarang, the most active sugar trading was by major Chinese traders.

³*Cultuurbanken* is a generic term not only for financial institutions that supplied long-term funding to agricultural enterprises but also for those that owned and operated their own farming enterprises. It was a corporate form that, due to the sugar crisis of 1884, systematically dominated the entire sugar industry, including sugar factories and financing, through the cultivation of sugarcane. In the mid-1920s, the *cultuurbanken* owned or managed roughly 80% of total sugar mills. (Helfferrich 1921; Nihon Boeki Kenkyujo 1944, pp. 125–140; Kano 2003, pp. 118–124).

were reaching their peak in this period, and various changes occurred in VJSP sugar sales (Part 3) and in the response of banks to the Chinese traders (Part 4).

2 Transaction Methods from the Early 20th Century to the First World War

2.1 Sugar Purchasing and Financial Institutions

As shown in Fig. 1, Java sugar production and export volumes gradually increased in tandem beginning at the end of the 19th century. Exports to India and China outpaced those to European countries including the Netherlands, from the beginning of the 20th century, and the Java sugar industry became more dependent on the East Asian market than the home market. Dutch capital dominated the production sector including sugar mills and cultivating companies, but these changing market characteristics drew non-Dutch capital, including British, German, Japanese, and Chinese trading companies and merchants, into the distribution business (Kano 2003, pp. 32–34).

The flow of business transactions from production to export is shown in Fig. 2. Harvests of sugarcane in Java began in late April and were immediately thereafter delivered to the mills that produced the sugar. Production peaked between July and September and was almost over in November. The trading companies and merchants who bought from sugar mills were called “first hands” and usually pre-ordered their

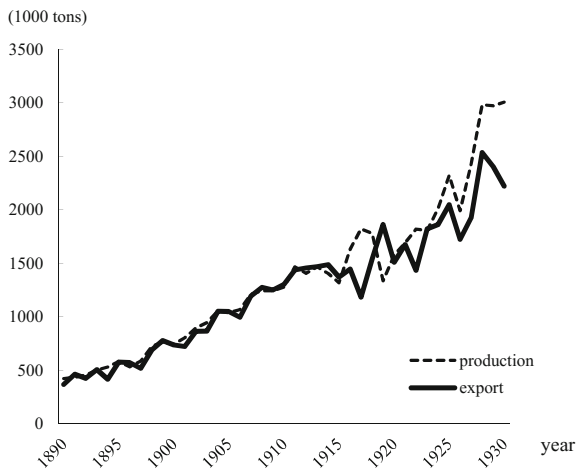


Fig. 1 Java sugar production and export volumes. *Source* Based on Table 7, Mansvelt and Creutzberg (1975)

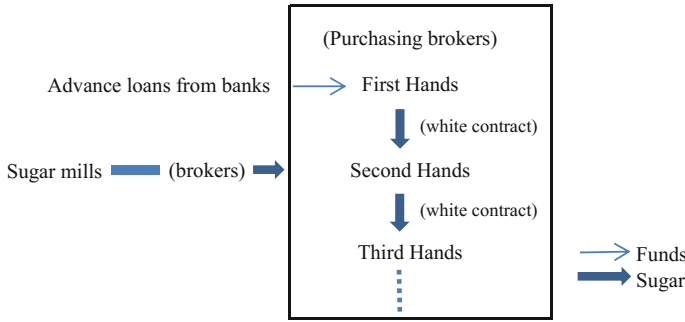


Fig. 2 Transaction flows in the sugar trade, pre-1917

supply through brokers.⁴ The sugar mills shipped their sugar to the purchaser, but where the purchaser had borrowed funds from banks, the sugar was delivered to the bank’s designated warehouses. Warehouse securities were issued and effectively became collateral.

This sugar was in some cases exported directly by the “first hands”, but it could also be resold to another dealer. Resale was carried out through a trade in the certificates that specified the shipping mill and set the sugar’s delivery date, quantity and price; the sugar was delivered to the holder of the certificate at the time of shipment from the mill. These resale purchasers were called “second hands” and “third hands” depending on the number of times the sugar changed hands after being sold by the mill. The number of resales sometimes climbed to 10 or more.⁵

The first hands were primarily major trading companies, including the British Fraser Eaton & Co., German Erdmann & Sielcken, Dutch Wellenstein Krause & Co. and other European entities as well as the major Chinese traders in Semarang such as Kian Gwan run by Oei Tiong Ham, the so-called sugar king of Java, and Kwik Hoo Tong, The Ing Tjiang, Gan Kang Sioe, and others.⁶ Since the contracts for purchases from sugar mills were large, first hands needed access to large funds. For example at 10 guilders per picul, an order of 50 thousand piculs came to 500 thousand guilders.⁷ Given that the average capital of a Chinese-based company at the time was 100 thousand guilders or less, it was virtually impossible for most Chinese traders to make the purchases with their own fund.⁸ It was therefore De Javasche

⁴As enterprises that obtained a certain percentage in commissions for a fixed volume of business, they required the approval of the District Resident (regional governor). Most were European. The major trading companies each tied up with an exclusive broker. In Semarang, for example, famous brokers included Dunlop & Kolff and Monod.

⁵*Djawa Tengah*, 13 Jun. 1917.

⁶These “first hands” were not fixed in that position, but might also purchase resale sugar as “second hands.” (*Djawa Tengah*, 13 June 1917).

⁷1 picul = 61.76 kg.

⁸For example, among large Chinese enterprises, Kian Gwan stands out with a capitalization of 1.4 million guilders, Kwik Hoo Tong at 200 thousand, and Gan Kang Sioe at 250 thousand, but

Bank and the *cultuurbanken*, NHM and NIHB, that provided the financial support for “first-hand” Chinese traders.

2.2 Product-Collateralized Lending by Financial Institution

De Javasche Bank, the NHM, and the NIHB all made loans collateralized by the products.⁹ They advanced funds for agricultural products such as sugar, copra, kapok, etc. according to their market prices, and took charge of the key of the designated warehouse to which the goods were delivered as collateral. The loan portion was repaid by the payment collected once the sugar had been exported or by exchange from the export destination. The advantage from the bank’s point of view was that it could collect its repayments in a short period of time. The greatest profit lay in the sugar that carried the largest loans.

The maximum loan was most often in the range of 70–90% of the market price, depending on the credit record of the borrower and the market conditions of the time. For example, Kian Gwan was lent 90% of the market price and Kwik Hoo Tong 80% by De Javasche Bank in 1911.¹⁰ Similarly, interest rates on the loans varied depending on the borrower. *Cultuurbanken* generally based their rates on De Javasche Bank’s official rates,¹¹ adding roughly 0.5–1% for an interest rate in the 5–6% range. For example, A company might receive loans of 90% of the market price at an interest rate of 6% while B company might receive 80% at a 5.5% rate. Each bank presented its conditions for any given case, and based on the content of the agreement, a notary created a contract.

Financing in which the loans were secured with the product itself increased at all the banks from about 1905 on. De Javasche Bank’s loan balances were recorded separately for export items and import items; the export-goods loans increased sharply at every branch.¹² (Fig. 3) (Bree 1928). In NHM’s Semarang branch in particular, this kind of lending saw a steep rise from 1906 on, and despite a period of downturn, it was more than five times greater in 1916 than it had been in 1906, and accounted for over 80% of the branch’s total lending (Fig. 4).¹³ The main recipients of loans collateralized by securities and real estate were European shops and individuals, while product-collateralized loans were the mostly granted to Chinese traders. A major-

the majority of Chinese traders in commercial sectors had capital of under 100 thousand guilders (*Handboek* 1910).

⁹Although the names differ depending on the bank, in Dutch they were recorded as *voorschotten op producten*, or *beleeningen op producten*.

¹⁰DJB: 1346, correspondence, Semarang branch.

¹¹The official interest rate for sugar loans was set at 5% from the early 1900s to the 1920s. This was lower than the rate for other products, and sugar exports were promoted as a matter of policy.

¹²Besides this, this bank also lists real-estate loans and securities loans as loan categories.

¹³NHM accounting reports divided loans into four categories: loans secured by products, by imported goods, by securities, and by promissory notes. NHM: 5162–5165, Semarang Branch Annual Reports, 1903–1928.

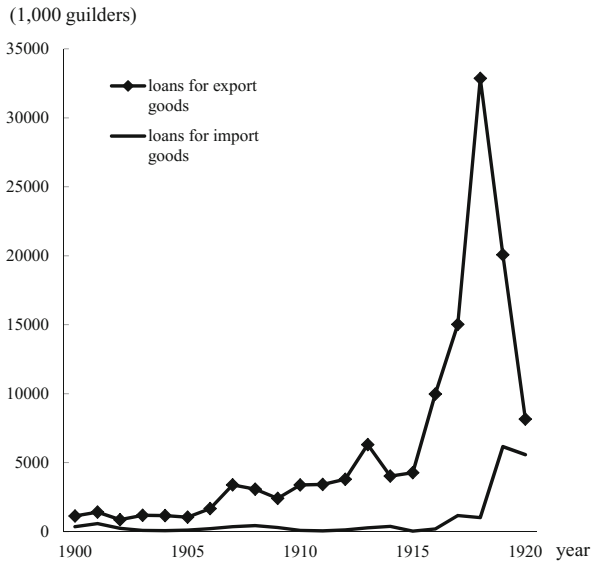


Fig. 3 de Javasche Bank Loans for exports and imports (1901–20). *Source* L. D. Bree, *Gedenkboek van de Javasche Bank*, deel 2, Weltevreden, G. Kolff (1928), Statistical Materials B

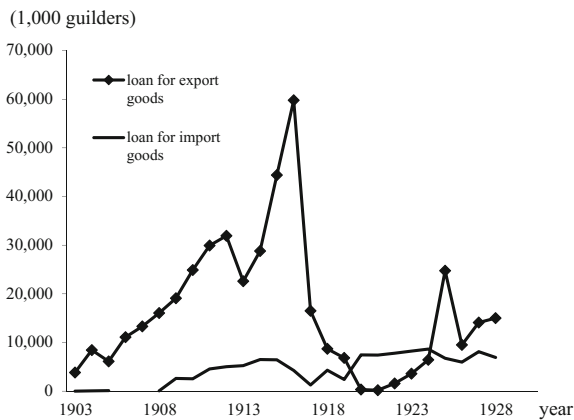


Fig. 4 NHM Semarang branch loan amounts (1903–28). *Source* NHM: 5162–6165, based on Semarang branch annual reports, 1903–1928

ity of the profit to NHM from this kind of lending came from sugar-based loans to Chinese exporters.¹⁴

Table 1 is organized by lender, showing the outstanding balance of product-collateralized loans as of the end of 1913. The products that became collateral include

¹⁴NHM: 5162, Semarang branch 1906 annual report.

Table 1 NHM Semarang branch balance, product-collateralized loans (as of end of December, 1913)

Loan recipient	Loan amount (guilders)	Collateral value (guilders)	Content
Be Kwat Yoe	199,530	224,469	Sugar, rice
Ek Goan Kongsie	41,064	61,083	Kapok, rice
Gan Kang Sioe	179,081	215,361	Rice, sugar
Jacobson van den Berg & Co	67,055	67,783	Kapok, tapioca
Kwik Hoo Tong	145,049	196,385	Sugar, rice
Mestfabriek Java	213,118	264,829	Not described
Oei Tjoe	288,651	387,952	Sugar, rice
Semarangsche Automobile	67,953	82,893	Automobiles
Soh Kien Seng	89,098	102,425	Sugar, rice
Tan Goan Soei	6716	8726	Tapioca
Tan Kong Djai	13,140	20,360	Kapok
The Ing Tjiang	360,333	423,065	Sugar
Tjan Pik Sing	20,389	25,948	Rice, beans, sugar
Mirandolle Voute & Co	51,996	183,114	Copra

Source NHM: 4618, based on balance figures, end of 1913

sugar, rice, kapok, tapioca, beans and so on, but Be Kwat Yoe who received loans for sugar and rice, as well as Kwik Hoo Tong, Oei Tjoe, Gan Kang Sioe, The Ing Tjiang, and others all show balances of over 100 thousand guilders, a sum larger in scale than the loans for other products.¹⁵ As a comparison, Table 2 shows the outstanding balance of product-collateralized lending by the NIHB at the end of the same year. The NIHB records also include the credit limits granted to individual borrowers. The loans were roughly the same for those Chinese traders in sugar and rice with credit limits of 500 thousand guilders or more—Oei Tjoe, The Ing Tjiang, Gan Kang Sioe, and Kwik Hoo Tong and for the large NHM debtors.¹⁶ The Ing Tjiang, Gan Kang Sioe, Kwik Hoo Tong, and others were also regular customers of the Semarang branch of De Javasche Bank from the early 1900s on.¹⁷

What this shows is first, that with regard to the product-collateralized lending at any bank, the scale of the loans collateralized by sugar and rice were large, and second that all of them shared the large-scale Chinese traders, Be Kwat Yoe, The Ing Tjiang, Gang Kang Sioe, Oei Tjoe, and Kwik Hoo Tong, as borrowers. These Chinese traders established limited liability companies in the late 19th and early 20th centuries, functioned as corporations, and served as senior officers in the Semarang

¹⁵NHM: 4618, Semarang branch 1913 end-of-year balance.

¹⁶NIHB: 1317, Semarang branch 1913 annual report.

¹⁷For example, De Javasche Bank made loans to had lending to The Ing Tjiang and Gang Kang Sioe in 1901 and to Kwik Hoo Tong in 1903. DJB: 4805, 4806, Semarang Branch Quarterly Report.

Table 2 NIHB Semarang branch, Balance, Product-collateralized loans (as of end of December, 1913)

Loan recipient	Loan amount (guilders)	Credit limit (guilders)	Content
Be Kwat Yoe	192,985	200,000	Sugar, rice
Maintz & Vo	109,918	300,000	Assorted
Oei Tjoe	382,165	600,000	Sugar, rice
Go Boen Kwan	60,432	125,000	Assorted
Sien Sioe Bie	12,964	115,000	Assorted
Leun Hing	52,403	200,000	Sugar, rice
Oen Seng	51,278	100,000	Assorted
Oei Djie Sien	13,735	100,000	Assorted
Sieh Djwie Kwie	44,246	200,000	Sugar, rice
Go Tjeng Tjay	75,636	100,000	Assorted
Tjoe Ping Hie	71,096	150,000	Assorted
Loe An Siem	10,031	200,000	Sugar, rice
Tjin Hin Ho	49,810	100,000	Assorted
Liong Bie	13,282	50,000	Assorted
Ong Seng	29,774	300,000	Sugar, rice
Liong Bie	19,931	100,000	Sugar, rice
Tan Kong Tien	6676	20,000	Assorted
Oei Tjoe	190,066	200,000	Assorted
Tjoe Ping Hie	145,938	350,000	Sugar, rice
Yoe Si Ang	79,416	200,000	Sugar, rice
The Ing Tjiang	1,003,575	1,500,000	Sugar, rice
Gan Kang Sioe	1,137,962	2,000,000	Sugar, rice
Kwik Hoo Tong	871,789	2,000,000	Sugar, rice
Sin Hong Ho	2719	200,000	Assorted
Bian Liong Hien	96,462	200,000	Sugar, rice
Burns Philp & Co	264,650	300,000	Assorted
Peng Han	30	10,000	Sugar
Peng Han	1965	30,000	Assorted

Source NIHB: 1317, based on Semarang branch 1913 annual report

Chinese Chamber of Commerce.¹⁸ Many other loan recipients, meanwhile, were Chinese traders who operated under individual or business names taken from their personal names, who dealt in products such as kapok and tapioca, and who maintained loan balances of 100 thousand guilders or less. The NIHB in particular had a larger number of product-collateralized loans than De Javasche Bank and or the NHM, and the products used as collateral also varied widely. In other words, these Dutch banks actively supported transactions of sugar and rice with those large Chinese companies that had become limited liability companies of a certain scale.

2.3 *Competition Among Banks for Chinese Traders*

In September 1909, the Semarang Branch of De Javasche Bank offered to provide loans to Kian Gwan for the purchase of sugar and rice the following year. At that time Kian Gwan had already elicited from the NHM a loan offer of 80% of the market price. Rather than a personal guarantee, the NHM would accept the deposit of the warehouse key. NIHB had already offered Oei Tiong Ham a loan of 100% of the market price, in exchange for a personal guarantee for the entire loan amount in place of the warehouse key. This offer took the form of a method said to be used previously by De Javasche Bank to expand its lending.¹⁹ In response, Kian Gwan suggested that it might switch lenders if it could obtain more favorable conditions, and negotiations continued. Ultimately Kian Gwan signed a contract with De Javasche Bank for a loan of 90% of the market price up to 7 million guilders at an interest rate of 4%, for sugar and rice.²⁰ In this way, De Javasche Bank, NHM, and NIHB competed with each other to offer preferential treatment to the major Chinese traders, who, in pursuit of the most favorable conditions, threatened to change banks, meaning in effect that they choose from among the lenders.

The question of whether it could or could not provide product-collateralized loans to large-scale Chinese traders had a big impact on a bank branch's performance. In fact, at the Semarang branch of the NHM in 1913, the loss of a contract with a major Chinese trader reduced its product-collateralized loan portfolio by fully 9.5 million guilders from the previous year.²¹ Meanwhile, the Chinese traders that had these relationships with banks were able to purchase large quantities of sugar so long as they had sufficient capital to cover 10–20% of the total purchase price. De Javasche Bank offered the most favorable conditions, but its business relationships of this kind were limited to only a few major Chinese traders (Claver 2014, p. 264). Thus

¹⁸The Ing Tjiang and Gang Kang Sioe became limited liability companies in 1899, Oei Tjoe in 1910, and Kwik Hoo Tong in 1894 (*Handboek* 1910; Tiong Hwa Siang Hwee Semarang 1937).

¹⁹DJB: 1346, correspondence dated 1 Oct. 1909 from the Semarang Branch to the Batavia Headquarters.

²⁰DJB: 1346, correspondence dated 2 Nov. 1909 from the Semarang branch to the bank's Batavia headquarters.

²¹NHM: 5163, 1913 Semarang branch annual report.

from around 1905, financial institutions obtained profits by supplying large amounts of sugar-buying funds to Chinese traders, and the *cultuurbanken* were thus able to secure sales channels for the sugar mills they operated and consignment sales fees from the mills (Helfferich 1921, pp. 373–376).²²

As is evident from Table 2, NIHB lending was particularly active vis-à-vis not only the major Chinese traders, but small and medium-scale Chinese merchants as well.²³ This resulted in great confusion when sugar prices plummeted during the First World War.

3 The 1917 Sugar Crisis

3.1 *Speculative Boom During World War I*

The outbreak of the First World War in July 1914 led to a change in the export market for Java sugar. Almost the entire volume of export sugar in 1912–13 went to Asian destinations, an especially large quantity being exported to British India. However, due to the outbreak of the Great War, the UK, which had been importing beet sugar from Germany, began buying large amounts of Java sugar. Java sugar prices accordingly soared from a pre-war price of seven to eight guilders per picul to 12 guilders per picul.²⁴ Exports to Britain shrank the following year, 1915, but orders came in from France and Austria, also formerly consumers of Germany's beet sugar. With purchases also increasing from British India and Hong Kong, as well as Asian markets such as China, the price for a time reached a peak of 14 guilders per picul. Orders from British India increased again in 1916, and in April, the British government made a large-scale purchase (Tio 1923, pp. 38–40; Uemura 1985, pp. 23–28).

In other words, the price of Java sugar continued to rise for about two years after the outbreak of the war, due to rapidly rising demand from Europe, and a speculative fever spread among Chinese traders all over northern coast Java. It became particularly pronounced in 1916 when not only in Semarang, but also in Batavia, Surabaya, Cirebon, Tegal, Pasuruan, and other areas, Chinese traders not previously involved in sugar trading entered the market.²⁵

One factor in the spread of speculation was that loans from the *cultuurbanken*, which had been limited to a handful of Chinese traders, were extended to include

²²The general approach was for the *cultuurbanken* to make loans of short-term working capital to sugar mills. In return, it received the product on consignment and collected on the loan with the revenue from the sale of that product.

²³*Locomotief*, 11 Jun. 1917.

²⁴The sugar values used in this paper are based on the price of *superieure hoofdsuiker* (SHS), Dutch specimen 25 and above. SHS was exported to India and Europe as directly consumable sugar and in 1917 accounted for more than 50% of the total.

²⁵*Djawa Tengah*, 13 Jun. 1917.

small and medium-sized Chinese merchants as well. De Javasche Bank reported that, “producers also expect orders from Europe to come in, and Chinese traders have become able to obtain an almost inexhaustible supply of funding from them” (Annual report of the president of De Javasche Bank 1918, p. 24). In fact, the NHM Semarang branch’s product-collateralized loans more than doubled from 28.8 million guilders in 1914 to 59.79 million guilders in 1916. NIHB later described the situation as follows: “Before 1916, Chinese traders made large profits and ample deposits, so we did not secure enough collateral”.²⁶ Chinese merchants were in a situation in which “banks would lend money to them one after another so long as they had land to serve as collateral,²⁷ and as the funds they obtained from the *cultuurbanken* were abundant, they resold the sugar repeatedly from ‘first hands’ to ‘second hands’ and beyond”.

As Chinese traders earned huge profits through speculation in 1916, advance orders for 1917s sugar harvest began coming in, to such an extent that the expected harvest for 1917 had been sold in its entirety by the end of May of 1917. These purchases, however, were based on short-sale contracts on securities, and with resales escalating to as many as 10 or more hands, even the sugar mills did not know who the ultimate owner of the sugar actually was.²⁸

Due to the scarcity of shipping during the war, however, sugar exports began to vanish in the second half 1916, and at year’s end, a full 4 million piculs remained unsold because it could not be shipped. The shortage of ships became even more serious in 1917, and with the news of a particular strong sugar harvest in Cuba, British traders and some of the large Chinese traders stopped buying Java sugar. Other Chinese traders persisted in the speculative buying on expectations of orders from Britain and France. But the anticipated orders did not come in even after May, and sugar prices dropped from an average 14 guilders per picul to 11.²⁹

3.2 *The Outbreak of the Crisis*

The sugar sold at all mills as of the end of May 1917 had reached 12 million piculs, 10 million of which were purchased by Chinese traders. With the price fall of three guilders per picul, Chinese traders lost a total of 30 million guilders. The losses incurred by Chinese traders were reported at about 4 million guilders in Cirebon, 2 million guilders in Tegal and 3 million guilders in Pasuruan.³⁰ “Second hand” buyers

²⁶NIHB: 1320, 1917 Semarang branch annual report.

²⁷*Djawa Tengah*, 1 Jun. 1917; *Perniagaan*, 30 Jun. 1917. Many wealthy Chinese traders owned land in urban areas, especially in Chinese residential districts. This land and private holdings were incorporated into their company stock when they became corporations, and served as collateral for bank loans.

²⁸*Djawa Tengah*, 30 Jun. 1917; *Locomotief*, 13 Jun. 1917.

²⁹DJB: 4859, 1917 Semarang branch annual report.

³⁰*Djawa Tengah*, 22 Jun. 1917.

and those further down the line, with less capital to begin with, found themselves unable to pay those they bought from due to the fall in sugar prices, and had to abandon their contracts.³¹

To give one example, the Bie Liong, a Chinese trader in Tegal, earned huge profits from sugar trading in 1916, but suffered a loss of 800 thousand guilders between May and June of 1917 due to the price drop and had to go out of business. Bie Liong was a trading company established in Tegal in 1908 with a capitalization of 70 thousand guilders (*Handboek* 1910). It is clear that Bie Long had been making purchases far beyond its ability to pay. After the failure, the company president, Liem Djin Tik, left Tegal for Singapore and his whereabouts became unknown.³²

Ultimately, it was the “first hand” that had to underwrite the sugar for the abandoned contracts, but only two Chinese traders had the wherewithal to do so: Kian Gwan and Kwik Hoo Tong. Other major sugar dealers such as The Ing Tjiang, Goei Keh Sioe, and Oei Tjoe, were in danger themselves of being unable to repay their bank loans.³³

3.3 *Negotiations Between the Chinese Traders and Financial Institutions*

In response to this situation, representatives of Semarang’s Chinese traders requested an emergency loan from De Javasche Bank in early June, but the bank refused.³⁴ On June 11, therefore, 16 representatives of the Chinese sugar traders met for discussions with Dutch banks and sugar mills at the Semarang Chinese Chamber of Commerce. It was The Ing Tjiang, Chairman of the Chamber, who called for the meeting, in danger of collapse due to excess debt. At this meeting, the Chinese traders asked the bank to raise the level of the market price at the time of lending and requested that the sugar mills lower their contract prices. But both the *cultuurbanken* and the sugar mills responded that, “we will consider giving the traders support if they clarify how much sugar is in their holdings, what the contract prices were and how much they have in assets”, and declined to define any concrete measures of support. The parties met again on the 12th, and the Chinese traders promised to provide the requested information, but virtually none of the merchants in fact made their positions clear, and instead made individual requests for support, leading to the breakdown of the talks.

³¹DJB: 5191, correspondence among branches. *Djawa Tengah*, 30 Jun. 1917; *Locomotief*, 13 Jun. 1917.

³²*Djawa Tengah*, 22 Jun. 1917.

³³NIHB: 1320, 1917 Semarang branch annual report.

³⁴Regarding the negotiations between the representatives of Semarang’s Chinese traders and the Dutch financial institutions, see Tiong Hwa Siang Hwee, Semarang 1937, along with *Locomotief*, 12–13 Jun. 1917; special feature, ‘*Kariboetan dalam perniagaan goela* (Chaos in the Sugar Business)’ in *Djawa Tengah*, 12 Jun. 1917–28 Jul. 1917; DJB: 4859; NHM: 5163; NIHB: 1320, 1917 Semarang branch annual report.

When the results of the meeting became known, an air of disturbance spread throughout the Chinese districts of Semarang. The Chinese traders took a strong stance, discarding their sugar purchase agreements, and refused either to accept the sugar or to repay their loans. Sack after sack of sugar from the mills was brought to the warehouses at Semarang Port, but because it could not be handed over, it piled higher and higher on the freight cars.³⁵ The sugar mills' cash flow dwindled to the point that they were compelled to urge the issue of emergency loans by De Javasche Bank.³⁶

While the negotiations between the Chinese traders and banks stalled, the traders grew increasingly critical of European banks, trading companies and brokers. The Malay-language paper "*Djawa Tengah*" published by Semarang's powerful Chinese trader, Be Kwat Yoe included a special feature immediately following the sugar crisis, telling the story of the crisis, criticizing the Europeans, and advancing conspiracy theories about an English trading company.³⁷

He alleged that an English trading company, forced during the previous year to buy at a high price because the Chinese traders had bought out the market, had spread word of a major order from Russia, thereby boosting the Chinese traders' 1917 orders. Kwik Hoo Tong, who along with Kian Gwan had survived the crisis, helped reinforce the story, asserting that his success in exporting to England was actually proof of the conspiracy claims. They argued moreover that the *cultuurbanken* and European brokers had profited enormously from the purchases by the Chinese traders and should therefore offer support to the Chinese traders in the event of an emergency. The traders called for government intervention, arguing that the failure of Chinese traders would lead the colonial economy as a whole into crisis.³⁸ These arguments were in conflict with the tone of the local Dutch paper, which urged instead that, "Speculation by Chinese traders should not be permitted".³⁹

To break the stalemate, a meeting was held on June 18 at the Surabaya Chinese Chamber of Commerce where the banks agreed to buy back sugar at 11 guilders per picul. The banks would make up the difference between this and the amounts in the sales contract with loans to be repaid either in cash or promissory notes, or backed up with assets as collateral. The Semarang Chinese traders, for their part, agreed to this. Additionally, the delivery of the sugar was to be suspended until July 1 when the situation would be settled. A committee composed of the sugar mills, banks, and traders would determine the price of the sugar mill inventories, and the amounts would be decided based on the prevailing conditions at the time of delivery. This proposal was in substance a remedy for the "first hands" that dealt directly with the banks and sugar mills: the banks were reluctant to offer any support to "second hands" or others further down the line.

³⁵*Djawa Tengah*, 14 Jun. 1917; *Locomotief*, 14 Jun. 1917.

³⁶DJB: 4859, 1917 Semarang branch annual report.

³⁷*Djawa Tengah*, 12 Jun. 1917–28 Jul. 1917.

³⁸*Djawa Tengah*, 16 Jun. 1917.

³⁹*Locomotief*, 14 Jun. 1917; *Soerabaijasch Handelsblad*, 14 Jun. 1917.

In a report to the government concerning the negotiations among the *cultuurbanken*, the sugar mills, and the Chinese traders, De Javasche Bank advised the government not to intervene in the issue. It took the position that the origin of the crisis lay in the producers overcharging for the sugar, so that the buyers ended up owing the difference between that price and the actual market price. According to De Javasche Bank, it was therefore incumbent upon the producers to come to a compromise with the buyers.⁴⁰

3.4 Failed Traders and the Management of Their Debt

In July, the banks also began negotiations for relief vis-à-vis major Chinese traders that had been “first hand” buyers. Regarding Oei Tjoe, The Ing Tjiang, Goei Keh Sioe and others whose payments to the *cultuurbanken* were stalled, the banks and the creditors for the sugar mills pursued separate negotiations. For Oei Tjoe, whose total debt came to 9 million guilders, the following six items were agreed upon in discussions among the four creditors, which included the NHM and the NIHB:

- (1) The banks would buy the purchased sugar at 11 guilders per picul. 50% of the 9 million-guilder debt would be forgiven, and the remaining 4.5 million guilders would be repaid.
- (2) The 2 million guilders in cash held by Oei Tjoe and the business' 4.5 million guilder of debt would be regarded as a total 6.5 million guilders in capital, and a separate company would be formed of which Oei Tjoe would be a shareholder.
- (3) The banks would lend 500 thousand guilders in funding to enable the business to continue. The repayment period would be five years, with 100 thousand guilders in interest due each year.
- (4) The profits earned in future transactions would be used to repay the above debt.
- (5) Oei Tjoe's capital would all be managed by the banks, as his creditors.
- (6) All sugar that had not been delivered would be canceled.⁴¹

These were the relief measures taken to enable Oei Tjoe to stay in business. Debt deferral, forgiveness, and reduction measures were also taken with respect to The Ing Tjiang and Goei Keh Sioe.

⁴⁰DJB: 100, 1917 Board meeting minutes.

⁴¹*Djawa Tengah*, 28 Jul. 1917.

4 The Shift to a Sugar Sales Control System

4.1 *The Establishment of the VJSP*

Starting in August 1917, sugar mills began managing in bulk the stocks of sugar they had amassed due to the inability of the Chinese traders to pay, and established the Java Suikervereniging, or Java Sugar Association, with the aim of maintaining prices. The financial institutions connected to the sugar mills, which were responsible for 65% of Java's sugar production, participated in the association as well, but did not do so as a unified body: the *cultuurbank*, Handelsvereniging "Amsterdam" (HVA), for example, refused to join. Moreover, Britain disliked the Association's price controls and shifted its buying to Cuba sugar. As a result, the mills were unable to dispose of their inventory and sugar prices fell still further.⁴²

The price slump continued after the 1918 harvest, and the Java Sugar Association was driven to a natural dissolution due to differences in opinion among member companies. Prices crashed even further to four guilders per picul as producers fought to sell before one another. Meanwhile, food imports were on the rise due to disruptions in rice imports, and, with rising calls for cuts in sugarcane farm acreage and for mill closures, the colonial government finally began taking measures to resolve the crisis. In July 1918, based on instructions from the Governor General of the Dutch East Indies, a committee was formed in Batavia of the major financial institutions, producers and exporters, and the request was made for the establishment of a federation covering all sectors of the industry. However, agreement from the English exporters, beginning with Maclaine Watson & Co. was not forthcoming, and exporters instead took moves to form their own trusts, so that ultimately the group that was organized in August that year, the Vereenigde Javasuiker Producenten (VJSP) or Javanese Sugar Producers Association, consisted only of producers.⁴³

VJSP established its Board of Directors in Amsterdam and the committee in Surabaya, with delegates from three companies: the NHM, the Nederlandsch Indische Landbouw Maatschappij, an NIHB affiliate, and the HVA. The number of member companies came to 159 sugar mills, mainly those associated with Dutch capital, which took control of about 90% of Java sugar production. Of these, 36 were NHM affiliates, and 27 were connected to the NIHB.⁴⁴ It was decided that the sale of the sugar produced by the mills in 1917 and 1918, including that already in stock, would be managed collectively by the VJSP.⁴⁵ The sugar price began picking up with the first sale after the launch of the plan, and from then on through the 1920s, the VJSP continued to function as the sales control organization for Java sugar.

⁴²DJB: 4859, 1917 Semarang branch annual report; VJSP 1918–1919 annual report.

⁴³VJSP, 1918–1919 annual report; Suzuki Shoten honten sato-bu [Suzuki Shoten Headquarters Sugar Department] 1924, pp. 16–20.

⁴⁴Twenty-six sugar mills run by Chinese such as Oei Tiong Ham, or by individual operators, were denied participation. VJSP, 1918–1919 annual report.

⁴⁵With the exception of one Japanese sugar mill, all were Dutch. VJSP, 1918–1919 annual report.

4.2 VJSP's Security Conditions

Each of the *cultuurbanken* until then had each secured its own distributors for its affiliated sugar mills and provided capital collateralized by the product, but with the launching of the VJSP, they gave up their stance as competitors. The system became one in which the VJSP centrally managed the sales of sugar from all the sugar factories. The mission of the VJSP was to sell the sugar under its control at a reasonable price while suppressing speculation. It was therefore strict in its selection of distributors, and a guarantee system was set up to address each distributor's credit situation.

When a dealer purchased sugar from the VJSP, the dealer first placed an order through a broker after clarifying conditions such as purchase guarantees. If the Surabaya committee agrees to these conditions, the tender was approved. If the committee was unable to decide, it would seek a ruling from the Board.⁴⁶

Purchase guarantees took three forms: (1) free limits, (2) bank guarantee, and (3) cash or deposit guarantee (Suzuki Shoten 1924, pp. 41–42). “Free limit” referred to a system that allowed major credit-worthy trading companies to make purchases up to a certain limit without guarantees. Although the limits were reviewed from time to time, it is clear from the companies that were granted free limits in 1923 (Table 3), with Fraser Eaton heading the list at 3.5 million guilders, and Erdmann & Sielcken, Werenstein Krause, etc., that the limits were high for large European trading companies.⁴⁷ The Japanese companies Mitsui & Co., Mitsubishi Trading Co., and Suzuki Shoten, which began buying Java sugar in large quantities from the late 1910s, were also granted “free limits” of 1 million guilders or more, the equivalent of that permitted to the European trading companies.⁴⁸ These firms' ability to procure their own funds was certain, and it was therefore recognized that there would be no difficulty in recovering the capital outlays up to the set limits.

Under the second form, or bank guarantee, the dealer was required when placing an order to submit a letter of guarantee issued by a bank that had an office in Surabaya. A certain limit was set for the banks issuing this guarantee, and if the amount fell within this range, the VJSP approved the order and the bank guaranteed the purchase. The amount was unlimited for Dutch banks, such as De Javasche Bank, and for British banks, but a limit was fixed for the Yokohama Specie Bank and Bank of Taiwan.⁴⁹ If a dealer was seeking a larger purchase, the banks were required to provide collateral equal to 20% of the excess to secure the purchase. Finally, under the third form of guarantee—cash or deposit guarantees—a certain proportion of the total purchase price was collateralized by cash or cash deposits held by the dealer, generally at a level of 30–40% of the total purchase price. The procedures had to be completed within two weeks of the conclusion of the contract with the VJSP, and the contract was automatically canceled if the deadline was not met.

⁴⁶VJSP, 1918–1919 annual report.

⁴⁷VJSP: 59, 1923.

⁴⁸VJSP: 59, 1923.

⁴⁹VJSP: 59, 1923.

Table 3 Firms receiving “free-limit” loans from the Vereenigde Javasuiker Producenten (VJSP) (1923)

Company name	Amount (guilders)
Erdmann & Sielcken	2,000,000
Fraser Eaton	3,500,000
Internationale Crediet-en Handelsvereniging “Rotterdam”	1,000,000
Mitsui Trading & Co.	2,000,000
Mitsubishi Trading Co.	1,000,000
Mirandolle, Voûte & Co	1,000,000
Suzuki Shoten	1,000,000
Wellenstein Krause & Co.	1,500,000

Note 14 companies were eligible for free-limit loans in 1923. Shown here are only those firms eligible for loans of over one million guilders. The remaining six firms had free-limits of between 25,000 and 250,000 guilders

Source Based on VJSP: 59

It is clear from the guarantee conditions set for European, Japanese, and Chinese buyers⁵⁰ that most of the European companies made their purchases within the “free-limit” framework and did not rely on either bank guarantees or deposits guarantees. Japanese dealers in some cases enjoyed “free limits” and in others obtained guarantees for the shortfall from the Yokohama Specie Bank or the Bank of Taiwan. By contrast, Chinese distributors and those from British India were not accorded free limits, but were required to provide bank guarantees or cash/deposit guarantees. Next, we examine how the Chinese traders in fact did their buying from the VJSP.⁵¹

4.3 *Methods by Which Chinese Traders Purchased from the VJSP*

4.3.1 **Bank Guarantees**

The main banks that issued guarantees for Chinese traders were the NIHB and the Nederlandsch Indische Escompto Maatschappij (Escompto). In 1923, for example, these two provided 7 and 11 bank guarantees respectively to Chinese traders (Table 4). However, the amounts guaranteed by the NIHB to Japanese traders were far larger: whereas Mitsubishi Trading Co., Dai Nihon Sugar, Suzuki Shoten, and Nichiran Shokai received bank guarantees for an average of 500 thousand guilders each, the guarantees provided for all seven Chinese traders combined came to barely more

⁵⁰In the VJSP’s records, purchasers are grouped according to whether they were European, Japanese, Chinese, British Indian, Arab, or other, and the security conditions adhered to the same categories.

⁵¹In the following, the discussion of purchasing methods from the VJSP is based on VJSP: 59, 1923.

than one-tenth the total for the four Japanese companies, the average guarantee for the Chinese traders coming only to about 34,000 guilders, a different scale altogether from the Japanese.

Escompto's guarantees were all directed to Chinese traders, but at an average 16 thousand guilders each, they were even smaller than those of the NIHB. Besides these instances, the Bank voor Indië established in the colony by the Rotterdam Bank provided two bank guarantees for Chinese traders (Ham 1926, pp. 113–118), and the NHM, the Hong Kong Shanghai Bank and the Bank of Taiwan issued one each. Most of the guarantees issued by the Yokohama Specie Bank and the Bank of Taiwan were for Japanese dealers.

Looking at the names of the individual Chinese traders themselves, we find no large-scale pre-crisis “first hand” sugar exporters other than Thio Sing Liong, which was guaranteed by the Bank of Taiwan. It is possible to verify the involvement of the Chinese merchants of Surabaya, Madura, Cirebon, and Yogyakarta, which suggests that the medium-sized sugar dealers that had business relationships with guarantor banks in their regions used the bank guarantee system.

4.3.2 Cash or Deposit Guarantees

There were also many cases of purchases by Chinese traders based on cash or deposit guarantees, with the NIHB, Escompto, and NHM handling 16, 12, and 8 such cases respectively (Table 4).⁵² In NIHB's case, 84% of its 748 thousand guilders in guarantees was from Chinese traders, and two-thirds of that—410 thousand guilders worth—was Kian Gwan's. The remaining 15 cases did not come to more than 2 thousand–47 thousand guilders apiece. Kian Gwan accounted for 380 thousand of Escompto's total of 450 thousand guilders in guarantee monies, while the other 11 cases averaged just 6 thousand guilders apiece. Major Chinese traders did not use guarantee monies from the NHM, and medium and small Chinese traders obtain small guarantees of under 9000 guilders on average. Kian Gwan also made purchases with guarantees from Bank voor Indië. Meanwhile De Javasche Bank guaranteed 420,000 guilders in purchases from just the one company, Kwik Hoo Tong. Others that used deposit guarantees were Oei Tjoe (178,000 guilders from NIHB, Bank voor Indië, and Chartered Bank), Mitsui & Co., (90,000 guilders from NIHB), as well as Arima Yoko and companies from British India. Large-scale Semarang traders such as Kian Gwan, Kwik Hoo Tong, and Oei Tjoe, purchased large volumes based on plentiful deposits, while the smaller-scale traders went no further than guarantees for small amounts. Of the 36 purchases backed by cash guarantees, 32 were by Chinese traders, and both the purchase amounts and the deposit guarantees were more than twice as large. Among these, Kian Gwan's (2.7 million guilders), Kwik Hoo Tong (1.63 million guilders), and Oei Tjoe (420 thousand guilders) stand out, the remainder of guarantees made to Chinese traders were for purchases in the 20 thousand-guilder

⁵²The numbers and amounts of the loans are drawn from VJSP: 59, 1923.

Table 4 1923 Bank-guarantee and deposit-guarantee loan performance (unit: 1000 guilders)

Bank name	Bank guarantees				Deposit guarantees				
	Guarantee credit limit	Number of cases		Amount granted		Number of cases		Amount guaranteed	
		Total	to Chinese traders	Total	to Chinese traders	Total	To Chinese traders	Total	To Chinese traders
Bank voor Indië (including Rotterdam Bank)	20,000	3	2	766	73	4	2	452	405
Yokohama Specie Bank	25,000	5	0	4472	0				
Bank of Taiwan	25,000	6	1	3352	46				
De Javasche Bank	No limit	-				1	1	420	420
NHM	No limit	2	1	347	7	9	8	71	69
Escompto	No limit	11	11	172	172	12	12	450	450
NIHB	No limit	11	7	2272	237	18	16	748	634
Hong Kong-Shanghai Bank	No limit	1	1	34	34				
Chartered Bank	No limit	-		-		2	1	92	88

Source Based on VJSP: 59

range. In other words, the purchases and guarantees based on cash guarantees were at two extremes in scale, much like those based on deposit guarantees.⁵³

From the above, it can be seen that in the VJSP's sales to the "first hand" market, Chinese traders were excluded from "free limits" and also that their bank guarantees were smaller in scale than those obtained by Japanese companies. Chinese traders most frequently used guarantees based on deposits and cash payments, their purchases remaining within the range of the cash deposits they owned. There were significant differences in financial strength, however, between such major trading companies as Kian Gwan, Kwik Hoo Tong or Oei Tjoe and the other medium and small-scale Chinese traders. This inevitably also affected the quantities of sugar they purchased. Let us turn next to VJSP sales volumes.

4.4 *Changes in Sales Volumes*

VJSP collected records of the sales volumes to each purchasing company annually, beginning with its founding in 1918. Figure 5 shows the sales trends by category.⁵⁴ Along with an increase in the volume of Java sugar produced, VJSP sales volumes also more than doubled from 1.3 million tons in 1918 to a peak of 2.65 million tons in 1928. Although any given category's share varied from year to year, the overall market remained roughly the same, with European, Japanese, and Chinese traders competing with each other for shares of roughly 20–40% each. Early on, the European traders were dominant, with over 40% of the total, but their share gradually decreased to 29% in 1927. The share of Japanese traders meanwhile increased, reaching 43% in 1927, and the Chinese traders' share ranged from 18 to 30% in the same period.

Next, let us examine the number of purchasers in each category and the amount purchased per company (Table 5). What is remarkable here is the large number of Chinese traders. This number increased especially after 1921, reaching 82 traders in 1925. Since the overall purchase volume also increased from 1921 forward, there was not much change in the average amount purchased by each company, but the scale of the Chinese traders' purchase was strikingly small compared with that of the European and Japanese. It is clear that the small scale of Chinese traders' purchases, as compared with the large purchases of the European and Japanese traders, was due to the credit situation described above.

However, even among the Chinese traders, the largest businesses such as Kian Gwan and Kwik Hoo Tong were making purchases comparable in scale to those of their European and Japanese counterparts. In 1925, Kian Gwan's purchases were 43% and Kwik Hoo Tong's 20% of the 584 thousand tons purchased by Chinese traders as a whole, meaning that just two buyers accounted for fully 60% of the total.⁵⁵ These

⁵³VJSP: 59, 1923.

⁵⁴Data from VJSP: 6–16, 1918–1927.

⁵⁵Kian Gwan operated five sugar mills, but none were VJSP members so there is a high probability that they handled large orders.

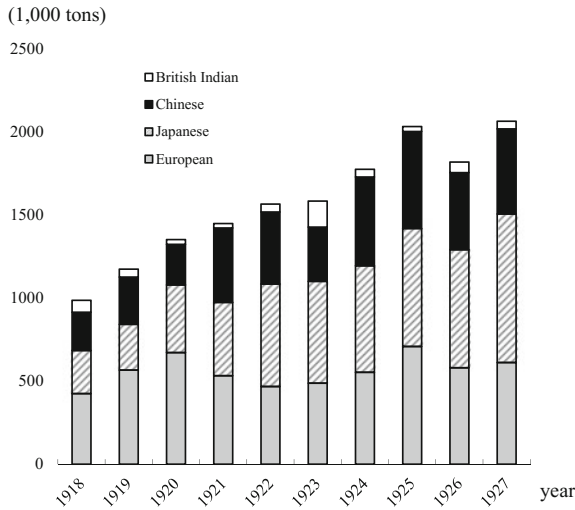


Fig. 5 Amounts purchased from the VJSP, by group (1918–27). *Source* VJSP: 1918-1927, based on annual reports

Table 5 Amount purchased (per-company average) and number of purchasing firms

	1919		1922		1925	
	Tons	Number of firms	Tons	Number of firms	Tons	Number of firms
European	47,182	12	35,952	13	59,033	12
Japanese	45,955	6	56,102	11	71,034	10
Chinese	23,708	12	7351	59	7122	82
British Indian	9533	5	9504	5	4959	6
Arab			11,609	2		
Total		35		90		110

Purchasing volumes have been converted from piculs to tons (1 picul = 61.76 kg)

Source Based on annual reports, VJSP: 1919, 1922, 1925

major Chinese traders maintained impressive levels of exports to India, Hong Kong, China, and Singapore, even though they were not permitted “free limits”,⁵⁶ and it is clear that they were able to make large purchases on the basis of cash or deposit guarantees.

The VJSP maintained its harsh conditions for the Chinese traders because of its dominant position given the absence of competition among sugar mills for sales that had characterized the past, and also because the number of Japanese firms in the market was increasing rapidly from the 1920s forward. The Chinese traders were not

⁵⁶VJSP: 60, 1924.

able to obtain support from financial institutions in their own country as the Japanese companies were, and therefore, other than the few large companies that obtained support from the Dutch banks, they were limited to small purchases.

5 Changes in the Transactions Between *Cultuurbanken* and the Chinese Traders

5.1 *The Fall of the Semarang Sugar Market*

The VJSP requirement that Chinese traders obtain their bank guarantees from banks that had branches in Surabaya resulted in Semarang's largest traders' moving their businesses to Surabaya, one after another. Within a year of the crisis, the other dealers who remained in Semarang were mostly no longer engaged in the sugar trade, even at the "second hand" level. In 1919, sugar purchased by the "first hands" from the VJSP began flowing into the market, which began showing renewed signs of speculation. However, this time, it was not only the Chinese traders but also the British Indian and Japanese trading companies that actively entered the business. In addition, the Chinese traders and others who had made large profits speculating in sugar during the war now sought opportunities for speculation in other markets, and began pouring capital into coffee purchases.⁵⁷

The Semarang branches of the Dutch banks that had been profiting from product-collateralized loans to Chinese traders could no longer issue VJSP bank guarantees for sugar because their major customers had moved, so their lending became limited to transactions in the "second hand" market. The Dutch banks no longer accepted the product itself as collateral, but rather required that the funds they provided for purchases were collateralized with real estate or securities, which meant that only major Chinese traders such as Kian Gwan and Kwik Hoo Tong had access to them. (Claver 2014, pp. 283–329). The Dutch banks were reluctant to deal with the small and medium-sized Chinese traders due to fear of renewed speculation. The Semarang branch of the NHM continued to warn against lending to Chinese traders: "The economic strength of the Chinese community in Semarang is recovering in general, and has become creditworthy. But the Chinese tend to a speculative nature to a greater or lesser degree, and we therefore unfortunately cannot continue to trust them. Care should be taken in determining whether to provide them with credit".⁵⁸ The NIHB, too, reported in 1919 that the Chinese community was recovering its vitality, but urged discretion in lending: "We must maintain a cautious stance, and keep an eye on the speculative tendencies that are an innate part of their character".⁵⁹

⁵⁷NIHB: 1469, 1919 Semarang branch annual report.

⁵⁸NHM: 5163, 1919 Semarang branch annual report.

⁵⁹NIHB: 1469, 1919 Semarang branch annual report.

5.2 *Transactions Between the Cultuurbanken and the Chinese Traders*

While the *cultuurbanken*, having incurred significant losses in the sugar crisis and fearing renewed speculative activity, refrained from lending to the Chinese traders, Escompto and Chartered Bank rapidly expanded their dealings with Chinese traders in Semarang. The Bank voor Indië also set up a branch in Semarang in 1920 and launched a business offensive to capture the *cultuurbanken*'s former customers.⁶⁰ The Bank of Taiwan, which had long been closely related to Chinese businesses through the Japanese Taiwanese (*Taiwan Sekimin*), and the China and Southern Bank, a joint venture established in 1919 between Japanese and Chinese based in China and Southeast Asia, also joined in the financing business (Hisasue 2010). Together, they reduced the market for lending to the Chinese traders, which had been a source of revenue for the NHM and NIHB. NHM's Semarang branch began to replace its large-scale lending collateralized by sugar and rice, with loans for products such as tobacco, kapok and copra. Until 1916, its product-collateralized lending was dominated by sugar, with fully 98% of its loans, or 6.22 million of a 6.5 million total, going to Kwik Hoo Tong and Oei Tjoe. Its loans for kapok, by contrast, accounted for only 0.75% of the total, at 50,000 guilders for 10 Chinese companies combined.⁶¹ In 1920, it made three loans for tobacco and one for cacao, for a much smaller total of just 12,000 guilders.⁶² Two years later, in 1923, NHM made no loans for sugar at all, and the only product-collateralized loans it made to Chinese traders were for kapok, with 20 cases totaling 500 thousand guilders.⁶³ From the following year on, product-collateralized lending to Chinese traders was limited to kapok.

NIHB, which incurred the largest losses in the sugar crisis, adopted a policy of collecting a fee of 5% of the amounts contracted in product-collateralized loans, in order to prevent the traders' borrowing too easily. As a result, the NIHB's loan terms became stricter than those of other banks, and the scale of product-collateralized loans shrank rapidly at its Semarang branch.⁶⁴ As shown in Fig. 6, the interest income on its product-collateralized lending, which reached over 650 thousand guilders in 1916 just before the crisis, fell to less than 1/5 that in 1918, and was under 30 thousand guilders in 1922, such that "The NIHB is already hardly doing business with Chinese traders at all".⁶⁵ The Semarang branch's annual reports to the Batavia head office repeatedly stated that former customers were steadily shifting their business to other banks and, appealing for measures to staunch the flow, sought ways to again expand their dealings with the Chinese traders.⁶⁶ In response, the Batavia head office

⁶⁰NIHB: 1475, 1920 Semarang branch annual report.

⁶¹NHM: 4627, 1916 Semarang branch annual report.

⁶²NHM: 4643, 1920 Semarang branch annual report.

⁶³NHM: 4656, 1923 Semarang branch annual report.

⁶⁴NIHB: 1473, 1320, 3820, 1468, 1472, 1475, 1477, 1479, 1481, 1916–1924 Semarang branch annual reports.

⁶⁵DJB: 1349, 15 Jun. 1921 correspondence, from Semarang branch to Batavia head office.

⁶⁶NIHB: 1466, 1918 Semarang branch annual report.

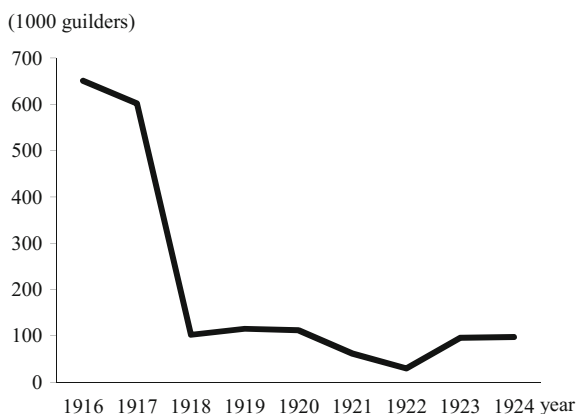


Fig. 6 Interest revenue, NIHB Semarang branch product-collateralized loans (1916–24). *Source* Based on Semarang branch annual reports, NIHB: 1916–1924

established a Chinese business division (*Chineesch zaken afdeling*) in 1922 and adopted policies to introduce a *compradore* system at each branch in Java. This goal called for *compradore s* to establish personal relationships with Chinese traders and “build new relationships with ‘new comers (Sinkeh)’ in the business community”, and the system was introduced in Surabaya the following year.⁶⁷ As a result of the field survey in Semarang, however, the introduction of the *compradore* system there was canceled due to “the unique Chinese nature here”.⁶⁸

5.3 Chinese Banks as Intermediaries

While the *cultuurbankaen* sought to resume business with the Chinese traders, the Semarang branch of De Javasche Bank promoted a policy of capturing the Chinese trader business by using a Chinese bank as an intermediary. The bank in question was the Bankvereeniging Be Biau Tjoan. Bankvereeniging Be Biau Tjoan was founded in 1915 by the wealthy Be family. In Semarang, it was the second Chinese bank after Bankvereeniging Oei Tiong Ham. The bank’s namesake Be Biau Tjoan was an earlier family head who died in 1907. He had amassed enormous wealth in the 19th century with opium revenue farming contracts and for 30 years served as Semarang’s mayor, the highest executive position for which Chinese were eligible in

⁶⁷It was common to make a rough division among Java’s Chinese residents between the “*Peranakan*”—those whose forebears had immigrated many generations earlier and who were born there and did not understand Chinese—and “*Sinkeh*” who had immigrated recently and still remained strongly imbued with Chinese culture. The new Chinese arrivals had increased rapidly since the end of the 19th century.

⁶⁸NIHB: 1479, 1923 Batavia head office, Semarang branch annual report.

Semarang, (Rush 1990, pp. 76–95, Liem 2004, pp. 104–132). His sons brought plans to establish their own bank to De Javasche Bank, and raised the capital using their inheritance of private land holdings in the Batavia area and Semarang as collateral. De Javasche Bank lent 800 thousand guilders to the new bank at the time of its establishment.⁶⁹

Following the sugar crisis, De Javasche Bank limited its lending in the sugar trade to three clients, Erdman Sielken, Kwik Hoo Tong and Bankvereeniging Be Biauw Tjoan.⁷⁰ The former two were export traders, but the bank's business was to reissue the loans of capital to its Chinese clients, and recover the money accordingly. De Javasche Bank's strategy was to handle major transactions with Chinese traders itself, while having Bankvereeniging Be Biauw Tjoan act as intermediary for smaller transactions.

The Bankvereeniging Be Biauw Tjoan's primary advantage lay in Chinese traders' trust in it and the access it therefore had to information about the Chinese community that Europeans could not know. The Dutch banks believed that Bankvereeniging Be Biauw Tjoan's knowledge extended even to the financial condition of its clients' relatives, and that it therefore had the information needed to set mortgages.⁷¹ In 1921, the bank's loan items expanded to products such as rice, kapok, soybeans, etc. in addition to sugar, and expanded its own business with the Chinese traders, including those who had broken off with the De Javasche Bank after the sugar crisis.⁷² For example, Gan Kang Sioe, a longtime client of De Javasche Bank, transferred its business to the Bank of Taiwan after the crisis, but in 1922 offered to transfer its business again, this time to Bankvereeniging Be Biauw Tjoan. Again, Liem Mo Lin, the largest wholesaler in the kapok trade, also planned to expand its business with loans from Bankvereeniging Be Biauw Tjoan. Bankvereeniging Be Biauw Tjoan, for its part, sought 5 million guilders in credit from De Javasche Bank to fund its efforts to start business with these dealers, and De Javasche Bank responded accordingly.⁷³

European and Japanese banks aiming to expand their business with Chinese traders envied Bankvereeniging Be Biauw Tjoan its clients. NIHB regarded it as a "troublesome" competitor for small loans given its intricate transactions with Chinese traders whose risk the NIHB could not assess, along with the enormous funds provided it by De Javasche Bank.⁷⁴ NHM, meanwhile, sought to strengthen its relationship with the Bankvereeniging Be Biauw Tjoan itself. In 1922, NHM's Semarang branch announced to the Batavia head office that, "the potential for safe transactions with the Chinese traders lies in using the most trusted mediator in the Chinese community, such as the Bankvereeniging Be Biauw Tjoan" and several times proposed indirectly expanding its product-collateralized lending to Chinese traders through loans to the Bankvereeniging Be Biauw Tjoan. The Batavia head office rejected the

⁶⁹DJB: 5191, 18 May. 1915 correspondence, Batavia headquarters to Semarang branch.

⁷⁰DJB: 100–107, 1918–1924 Board meeting minutes.

⁷¹NIHB: 1483, 1925 Semarang branch annual report.

⁷²DJB: 1349, 16 Nov. 1921 correspondence, from Semarang branch to Batavia headquarters.

⁷³DJB: 1349, 21 Sep. 1921 correspondence, from Semarang branch to Batavia headquarters.

⁷⁴NIHB: 1485, 1926 Semarang branch annual report.

proposal, however, and the relationship between the two banks remained limited to the currency exchange business.

Thus, while the *cultuurbanken* in post-crisis Semarang sharply restricted their dealings with Chinese traders, they also were exposed to intense competition from financial institutions newly entering the arena. However, since stable transactions with Chinese traders were indispensable for banks seeking to expand their business there, De Javasche Bank pursued a policy of making direct loans to the major Chinese traders and indirect loans to smaller traders through Bankvereeniging Be Biauw Tjoan's mediation, and systematized its transactions with the Chinese traders thereby.

6 Conclusion

This paper examined the sugar trade and the changes triggered by the 1917 sugar crisis, with a focus on financing by Dutch banks. The process of change examined above can be summarized as follows.

First, until the crisis engendered by World War I, the relationship between the Chinese traders and the Dutch banks can be regarded as a mutually beneficial system whereby both profited through the use of product-collateralized lending. The banks were able to collect on their sugar-secured loans in a short period of time, and the sums involved in a single purchase were large enough to generate high profits for the banks. Furthermore, they were able to secure sales channels for the sugar consigned to them by affiliated sugar mills. Chinese traders that enjoyed the banks' trust, meanwhile, could buy sugar putting up only small amounts of their own capital, and gain huge profits. Despite the considerable risks of changes in international market conditions, the market was supported by strong demand for Java sugar until the First World War, and both banks and traders were able to gain stable profits. As banks competed for the business of creditworthy Chinese traders, financing gradually became available to medium and small-scale Chinese dealers as well. This flow of funds to the Chinese traders fanned the flames of the speculative buying that followed the outbreak of the First World War.

However, the sugar crisis beginning in June 1917 completely reversed the relationship between the *cultuurbanken* and the Chinese traders. Sugar prices began to plunge due to the late war shipping crisis and the decline of overseas demand; the Chinese traders, who had been buying high-priced futures, were unable to pay for the incoming sugar and refused deliveries. The sugar mills were therefore left with large stocks of sugar and the Dutch banks lost the funds they had lent the Chinese traders. Thus, the sugar industry as a whole fell into considerable chaos. While the banks criticized the speculative activities of the Chinese traders for pushing up sugar prices, the Chinese traders argued that the banks had profited from the speculation. The result was a great loss of trust between bank and trader.

After the Great War, the sales transactions that each of the *cultuurbanken* had handled on its own with the sugar mills came under the control of the VJSP. At the same time, the international market was recovering rapidly, resulting in a dwindling

reliance on the Chinese traders for sales. The VJSP sought to dispose of the stocks of sugar all at once, so as to stabilize the price of Java sugar in the international market. It tried to suppress the speculation by Chinese traders that had gotten out of hand during the war. While granting frameworks for non-collateralized sugar purchases to European and Japanese trading companies, it introduced a stricter system of guarantees for Chinese traders, requiring bank guarantees from banks or cash or deposit guarantees. Only leading businesses with clear records of exports and their own sources of funding, such as Kwik Hoo Tong and Kian Gwan, could participate in VJSP's sales system. They were able to continue to make large purchases comparable to the European and Japanese trading companies, either through their own ample capital or through the support of De Javasche Bank. The Chinese traders that did not have sufficient capital engaged in small transactions within the range of their financial capabilities. In other words, the system became bifurcated.

However, attendant on these financial restrictions on Chinese traders was a loss of profit to the Dutch banks. Semarang, in particular, which boomed during the sugar speculation of the 1910s, saw a plunge in its product-collateralized lending to Chinese traders as the base of purchase moved to Surabaya. Meanwhile, the expansion of emerging banks also intensified. The *cultuurbanken* found themselves in a dilemma, on the one hand seeking transactions with the Chinese traders at the heart of colonial distribution networks, but at the same time forced to distance themselves from those same traders due to concerns about renewed speculation. Meanwhile, De Javasche Bank continued to supply funds to the Chinese traders through the mediation of the Chinese bank, Bankvereiniging Be Biauw Tjoan. In this sense, it is fair to say that all the Dutch banks were aware of the importance of supplying funds to the Chinese traders and of obtaining the profits thereof.

To summarize, the relationship among banks, sugar mills, and Chinese traders was characterized by interdependence based on free trade until the mid-1910s. This shifted after the 1917 sugar crisis to one of managed financing for Chinese traders. Thereafter, during the peak years of Java sugar exports in the 1920s, certain major Chinese traders had a significant presence in the export market, while in Semarang, the relationship between Dutch banks and small and medium-scale Chinese merchants shifted to one of indirect transactions.

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Chapter 2

The Growth of Intra-Southeast Asian Trade in the First Half of the Nineteenth Century: The Role of Middlemen in Singapore



Atsushi Kobayashi

Abstract The purpose of this paper is to study the growth of Southeast Asian trade in the first half of the nineteenth century through a focus on intra-regional trade. According to the estimates of this study, the volume of intra-regional trade centred on the British and Dutch colonies grew from 1828 to 1852, with the main focus of trade shifting from Java to Singapore. Catalysing the growth of intra-regional trade was the gradual reduction, due to British diplomatic protests, of the Dutch protectionist tariffs imposed on imports of British cotton goods from Singapore until the late 1830s. The growth of trade was also facilitated by the rise of Chinese middlemen in Singapore. These Chinese middlemen, who purchased cotton goods from European merchants on credit, formed long-term relationships with Chinese traders through recurring transactions, while at the same time engaging in on the spot market transactions with local Malay and Bugis traders. The resulting multilateral trade relationships facilitated the distribution of European cotton goods throughout the region, thereby further stimulating Singapore's intra-regional trade.

Keyword Southeast Asian trade · Singapore · Mercantile network
Colonial tariff policy

1 Introduction

The purpose of this study is to reveal the growth of intra-Southeast Asian trade during the first half of the nineteenth century using trade statistics, and to explore the role of middlemen in the growth of trade in Singapore.

This chapter is originally published in *Shakai Keizai Shigaku* (Socio-Economic History) Vol. 78, No. 3 (2012) pp. 421–443 as a Japanese-language article entitled “19 seiki zenhan ni okeru Tōnan Asia ikinaï koueki no seichō: Singapore nakagai syōnin no yakuwari”.

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Recent studies have started to challenge traditional historiography by shedding light on the growth of Asian trade during the first half of the nineteenth century. Using statistical tools, Kaoru Sugihara showed that Asian regions were connected multilaterally and that intra-Asian trade expanded after 1800 (Sugihara 2009). This he attributed not only to the opium triangle trade driven by British initiative, but also to the distribution of necessities such as foodstuff and cloth across Asian countries. He posited that the trade liberalization that followed the collapse of the Dutch and British East India Companies in the late eighteenth century revitalized Asian commerce, and led to the growth of intra-Asian trade, which in turn prompted the expansion of the long-distance trade with the West.

In the field of Southeast Asian economic history, traditional historiography paid particular attention to the rise of the regional economy from the fifteenth to the mid-seventeenth centuries and during the high colonial era after the late nineteenth century, both of which are considered part of the “age of commerce.” As a result, there was a tendency to assume that regional economic development did not occur during the eighteenth and first half of the nineteenth centuries, sandwiched as they were by periods of thriving growth. Anthony Reid challenged this view, pointing out how trade expanded from the late eighteenth to the first half of the nineteenth century (Reid 1997). Using long-term trade data, he suggested that the growth rates of exports of Southeast Asian products, such as pepper, coffee, and sugar, were higher between the 1780s and 1850 than between 1850 and 1913. Moreover, he estimated that the number of Malay and Chinese trading vessels conducting local trade trended upwards at the ports in the Malacca straits from the 1760s to the 1840s (Reid and Fernando 1996). Reid argued that the ‘Chinese century’ was the significant factor in the expansion of Southeast Asian trade, and pointed to the vigorous Chinese merchant business between China and Southeast Asia that followed the lifting of the maritime ban by the Manchu dynasty.

Sugihara and Reid advocated a new look at Asian integration in the global economy by tracing the development of regional trade from the late eighteenth century forward. In other words, they assumed that Asian economic vitality preceded full-scale Western colonization, due to the deregulation of commerce, the reinvigoration of local merchant business, and the production boom of local producers, and that those factors played a significant role in Asian integration into the global economy. This study is a response to their insights, and seeks to explore the development of intra-regional trade in Southeast Asia during the first half of the nineteenth century.

Before the early 1990s, studies of the development of Southeast Asian economies focused on the rise of primary goods exports under Western colonization post-1850 (Cowan 1964; Maddison and Prince 1989; Booth 1991). They analysed the economic development of Southeast Asian countries, using trade statistics kept by colonial governments and adhering to the colonial boundaries. As a result, the studies tended to assume that Southeast Asian trade was mostly stagnant during the first half of the nineteenth century, and did not seek to construct an adequate framework for analysing the development of trade before the onset of full-scale colonisation by the West (Thee 1989; Booth 1991). Newer studies, including Reid’s mentioned above, began appearing after the 1990s, and challenged this prevailing view by focusing

on Southeast Asian trade in particular and shedding light on its rise in the early nineteenth century (Lindblad 2002; Li 2004). These studies highlight the role of British free ports, such as Penang and Singapore, as transit ports in Southeast Asia, and indicate the expansion of local trade between those ports and the neighbouring countries. That is, they suggest that the analytical framework of intra-regional trade is effective for exploring the expansion of Southeast Asian trade before 1850. However, no study has fully examined the role of intra-regional trade in the growth of Southeast Asian trade as a whole. This study seeks to fill this gap.

First, this study uncovers the growth of intra-Southeast Asian trade from the 1820s to 1852 using trade statistics from British and Dutch colonies. It then underscores the influence on intra-regional trade of the Dutch government's loosening of its protectionist tariff policy against British cotton goods. The study also notes that one of the driving forces of the trade growth was the influx of European cotton goods via Singapore. The circulation of European cotton goods in Southeast Asia was handled by local Asian traders, and Chinese middlemen in particular played a significant role in the transit trade of cotton goods in Singapore.

The paper is organised as follows: the second section discusses the nature of British and Dutch colonial trade statistics, and uses them to estimate trends in Southeast Asian trade during the period in question. The third section examines the Anglo-Dutch rivalry concerning tariff policy in Southeast Asia, to demonstrate the effect of institutional change on the growth in trade. The fourth section analyses the growth mechanism of Singapore's regional trade through a focus on the commerce among Asian merchants. This section pays particular attention to the operations of Chinese middlemen.

2 The Growth of Southeast Asian Trade, the 1820s–1852

2.1 *Trade Statistics in Southeast Asia*

The only available statistics on trade in Southeast Asia during the first half of the nineteenth century are the official statistics published by the British and Dutch colonial governments. The particular features of these statistics are detailed below.

The regional trade of the British and Dutch colonies can be reconstructed using trade statistics. Table 1 shows regional exports from Dutch Java and the British Straits Settlements from 1828–52. The three regional classifications are: intra-regional exports (to Southeast Asia), exports to Asia (excluding Southeast Asia), and exports to the West. This table shows export values in Spanish dollars, the most prevalent currency in the region during the period analysed. Other currencies, such as the Indian rupee and Dutch guilder, were converted into dollar units. All statistical data in this paper was processed in the same manner. Table 1 adopts four base years, as explained below. We can derive data on regional trade from Singapore's trade statistics after 1823 and those of Java after 1825, but the first available data on regional trade in

Penang and Malacca is from 1828, and the next is from 1836. Therefore, the first two base years are set as 1828 and 36. Statistics on regional trade are available for all colonies after 1843. The final year is set as 1852 because trade in the four colonies began to grow drastically after that year and we can thus assume that the pattern of trade growth changed thereafter. 1844 is selected as the mid-point between 1836 and 1852. The following analyses rely on these four base years. Additionally, as the trade statistics of Penang and Malacca before 1843 do not distinguish between trade in merchandise and in precious metals including specie, the estimated total trade values include both in order to maintain consistency in analysis.

Let us first observe the patterns of trade development of the British and Dutch colonies respectively, as shown in Table 1. First, Java came under British control in 1811 following the Napoleonic wars and the subsequent disorder in Europe, but the Netherlands regained control over Java in 1816 and the entire island became a Dutch colony as a result of the Java War of 1825–30. Trade statistics from Dutch Java are the aggregated data from the ports of Dutch Java and Madura (Kops 1857; *ibid* 1858); this source does not provide data on coastal trade. Table 1 demonstrates the increasing share of Javan exports to the Netherlands from 1828 to 1852. This significant ratio of exports going to the Netherlands was a result of the cultivation system, which after the 1830s forced the island's inhabitants to provide products such as sugar, indigo, and coffee, to the Netherlands. The ratio of intra-regional exports, meanwhile, was maintained at above 15% throughout the period.

Next, we turn to trade in Singapore. The East India Company founded Singapore in 1819. Singapore's first trade statistics were published by a missionary organization in 1842, but were later on published by the Bengal presidency. Table 1 is instructive on the structure of trade in Singapore: the table shows that while a significant portion of exports—39%—went to the West in 1828, by 1852, the ratio of exports to Asia and Southeast Asia had also risen notably. During this period, Singapore consistently sent more than 30% of its exports to Southeast Asia. The composition of Singapore's exports, according to trade statistics (Tabular Statements), was as follows: while trade consisted of various products, just three articles—opium, Indian cotton goods, and European cotton goods—accounted for almost 30% of the entire trade. Among the array of local products, rice, sugar, pepper, and tin were also noticeable, accounting for about 20% of the value of trade.

Penang was founded at the northern entry of the Malacca straits as one of the East India Company's ports in 1786, and immediately became the base for the British traders' eastern trade. The government was headquartered at Penang when the Straits Settlements was established in 1826, but was transferred to Singapore in 1830. Statistics on Penang trade were issued after 1843 under the authority of the Bengal presidency. According to Table 1, trade with Southeast Asian countries was significant for Penang, as the proportion of intra-regional exports at times rose above 60%. The port city of Malacca, meanwhile, was returned by the British to the Netherlands in 1818, but came back under British sovereignty in 1824 as a condition of the Anglo-Dutch treaty, before finally becoming one of the Straits Settlements in 1826. The publication of statistics on Malaccan trade also began in 1843 under the Bengal presidency. Table 1 shows that the Malaccan trade was on a relatively small

scale, compared to other colonies, with export destinations mostly within Southeast Asia during this period.

An important caveat in the use of trade statistics is the discrepancy between those of the British and the Dutch colonies: Java's trade statistics are based on the calendar year (January to December), whereas the Straits Settlements' statistics are based on the official year (May to April). Although this disparity makes it difficult to compare numerical values in detail, it is still possible to examine the rough structure and general trends in trade by a combined use of the trade statistics of the four colonies. Four sets of trade statistics are aggregated to elucidate the general pattern of trade growth in Southeast Asia.

2.2 Estimate of Southeast Asian Trade Centred on the British and Dutch Colonies

First, Southeast Asian trade is divided into the following categories: 'intra-regional trade', 'trade with Asia', and 'trade with the West'. Figure 1 shows a map of the main trading partners in Southeast Asia for the British and Dutch colonies from the 1820s to the 1852. The value of trade within the Southeast Asian regions was taken from the trade statistics of the four colonies in 1828, 1836, 1844, and 1852, and aggregated as the total trade values with each place. The numbers in circles show the value of trade (in 100,000s dollars) of each place. This figure excludes minor trading partners that maintained a relatively small trade values or whose exact locations were difficult to identify. This figure reveals the principal trading partners for the colonies. Principal trading partners in mainland Southeast Asia include Burma, Siam, and Cochin China and the insular regions are Manila, the Malay Peninsula, Sumatra, Riau, Borneo, Celebes, Bali, and Molucca.

Intra-regional trade based on the main Southeast Asian trading partners is defined as shown in Fig. 2. In the central circle, the four colonies have trade relations, and Southeast Asian regions that appeared in Fig. 1 have trade links with the colonies, shown here with arrows. Manila, Molucca, and Cochin China, which had minor trade values, were included in the value for 'others'. All arrows in this figure are defined as intra-regional trade. This definition omits local trade, such as seaborne trade between regions (e.g. between Borneo and Celebes), as well as coastal and riverine trade. In other words, 'intra-regional trade centred on British and Dutch colonies' is limited to the seaborne trade between the four colonies and Southeast Asian regions.

In Fig. 2, trade among the three ports of the Straits Settlements is excluded from intra-regional trade in order to avoid the problem of double counting. The values of the trade in the Straits Settlements can be extracted from the trade statistics, but the trade was mostly transit trade: thus, if included, the value of the same merchandise would be counted twice. For example, the trade in British cotton goods imported into Singapore would be counted both as an export from Singapore to Penang and as an export from Penang to Sumatra. There were surely exports produced in the Straits

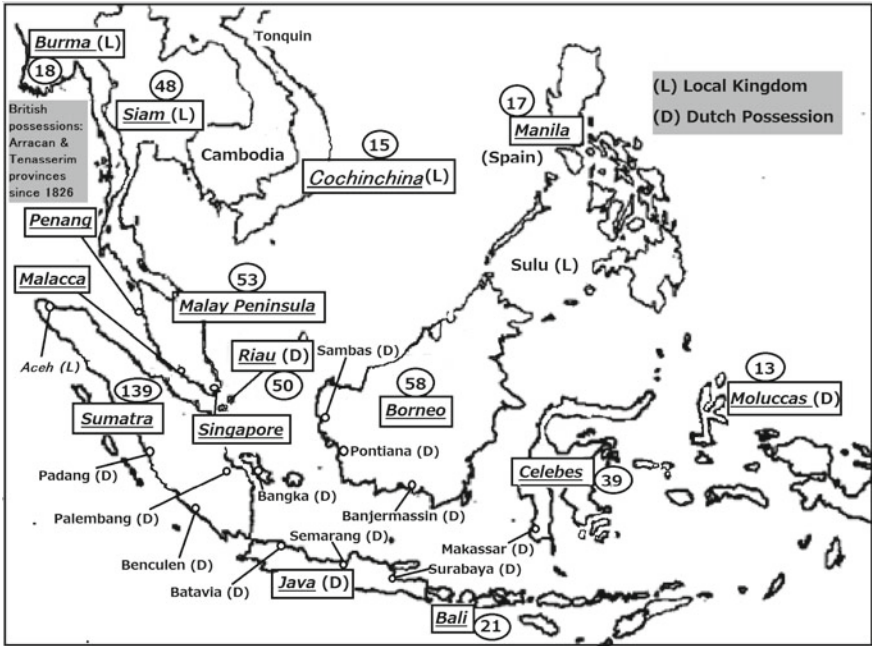


Fig. 1 Southeast Asia in the first half of the nineteenth century. *Sources* This map was made by the author on the basis of the map in Moor (1837). The trade data were taken from Table 1

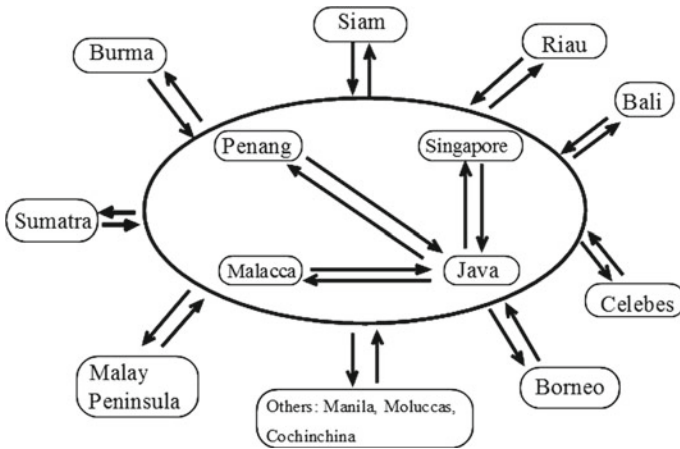


Fig. 2 Conceptual diagram of intra-regional trade centred on British and Dutch colonies. *Note* This figure is the same as Fig. 2 in Kobayashi (2013)

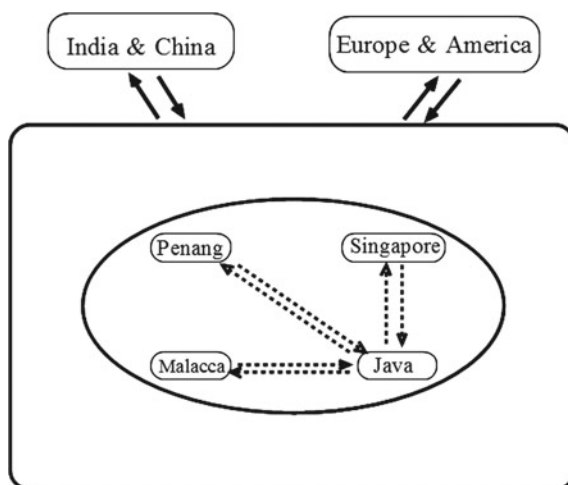


Fig. 3 Conceptual diagram of trade with Asia and with the West centred on British and Dutch colonies. *Note* This figure is the same as Fig. 3 in Kobayashi (2013)

Settlements and imports consumed there, but we assume in these statistics that such trade within the Straits Settlements was not so significant as to affect the trends in intra-regional trade. Thus, we first and foremost seek to avoid double counting.

Figure 3 shows the definitions of trade with Asia and trade with the West. In this figure, the arrows between the British and Dutch colonies and India and China indicate ‘trade with Asia’, and the arrows between the colonies and the West represent ‘trade with the West’. These definitions do not include trade in the entire Southeast Asia region but only trade of the colonies. Accordingly, we place the four colonies inside the box representing the whole of Southeast Asia in Fig. 3.

Based on the definitions of intra-regional trade, trade with Asia, and trade with the West, we attempt to estimate the structure and growth of trade. The estimate of intra-regional trade depends on export values. For the export values from Southeast Asian regions to the colonies, we convert the import values (C.I.F.) extracted from the trade statistics into export terms (F.O.B.). When it comes to trade with Asia and the West, our estimates are based on import and export values from the trade statistics. Figures 4 and 5 show the result of our estimates.

In Fig. 4, Java’s trade with the Netherlands is distinguished from trade with the West because it was mostly composed of the trade by the government. Java’s trade with the Netherlands increased from 5 million dollars in 1828 to 20 million dollars in 1852. According to Fig. 4, trade with the West also increased from 5 million to 10 million dollars. Meanwhile, the value of Java’s trade with Asia fluctuated, but remained at around 10 million dollars during the analysis period. In this figure, intra-regional trade increased from 8 million to 16 million dollars during the 1828–52 period. There was no remarkable price rise in Southeast Asia during the first half of the nineteenth century (Lindblad 2002, p. 92), so we can assume that it was the

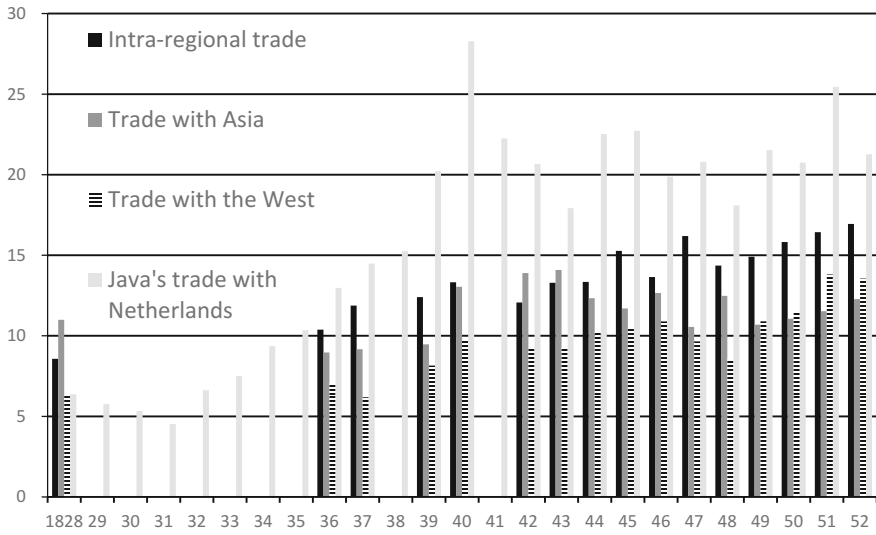


Fig. 4 Intra-regional trade, trade with Asia, trade with the West, and Java's trade with the Netherlands (1828–52). (unit: Million Spanish Dollars) *Sources* See Table 1, and Penang (1837: *SSR*, V7; 1839 and 1840: *SSR*, V8; after 1842: *Tabular Statements, Penang*), Malacca (1837: *SSR*, V7; 1839 and 1840: *SSR*, V8; after 1842: *Tabular Statements, Malacca*). *Note* This figure is the same as Fig. 4 in Kobayashi (2013)

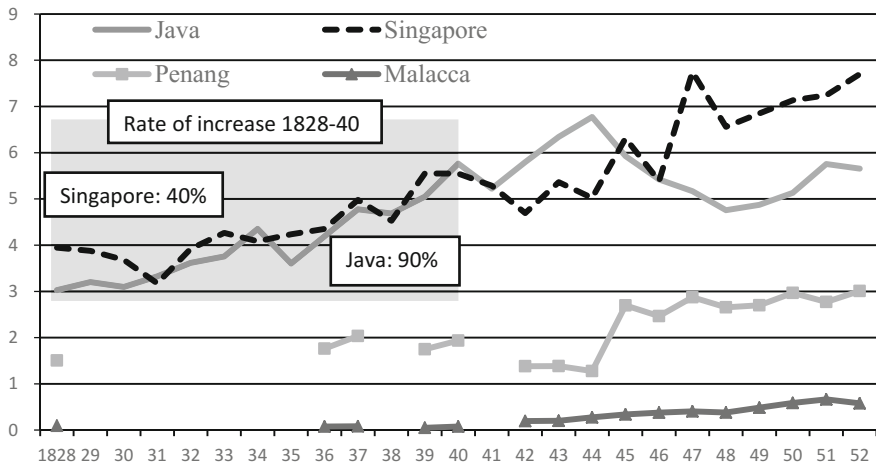


Fig. 5 Intra-regional trade among British and Dutch colonies (1828–52) (unit: Million Spanish Dollars). *Sources*: See Fig. 4. *Note* This figure is the same as Fig. 5 in Kobayashi (2013)

growth of intra-regional trade during this period that brought about the increase in trade value. In addition, the figure shows that intra-regional trade had a larger value than trade with the West and that it also overtook the value of trade with Asia. That is, Southeast Asian trade centred on British and Dutch colonies showed a growth trend from the 1820s to 1852, with intra-regional trade growing particularly remarkably.

Figure 5 shows the values of intra-regional trade in each colony. Intra-regional trade in Java and Singapore occurred on a much larger scale than in Penang and Malacca. Java's and Singapore's trade values grew at almost equal rates, Java's increasing by 1.9 times and Singapore's by 1.4 times between 1828 and 1840. Then, Java's trade continued to grow until 1844 while Singaporean trade remained stagnant. After 1844, however, Javan trade declined, while the values of the Singapore, Penang, and Malacca trade rose. While Java played a central role in the growth of intra-regional trade from 1828–1844, the centre of the trade growth shifted ultimately from Java to the Straits Settlements, particularly to Singapore. The following sections analyse the factors of this trade growth.

3 The Development of British and Dutch Tariff Policies

This section discusses the development of British and Dutch tariff policies as one of the factors for the growth of intra-regional trade. First, the Anglo-Dutch Treaty, concluded in March 1824, fixed British and Dutch spheres of influence in Southeast Asia.

The United Kingdom, possessing a sphere of influence north of the Malacca Straits, expanded its political and economic influence in Southeast Asia through the establishment of the Straits Settlements (Webster 1998, Chap. 4). Its main driving force was the interests of British industry and commerce, invigorated by the Industrial Revolution, in particular the cotton industry. With the adoption of free-trade policies, the Straits Settlements prospered as a hub for the exchange of cotton goods and regional products. British merchants in the Straits Settlements, who earned profits from the distribution of cotton goods, were eager to support the policy of free trade (Kawamura 2008; Webster 2011).

Meanwhile, the Netherlands, possessing a sphere of influence south of the Malacca Straits, had been pushing the colonization of Java since 1816. After the Napoleonic Wars, the Vienna Protocol approved the addition of Flanders to the new nation of the United Kingdom of the Netherlands in 1816. The Netherlands adopted protectionist policies in its colonies to protect the interests of the Flemish cotton industry (Van der Kraan 1998, pp. 18–21), while adopting free trade policies at home to accommodate the interests of Amsterdam's entrepôt trade (Wright 1961, pp. 154–155; Ishizaka 1971, Chaps. 4 and 5). The protectionist tariff policy implemented in Dutch colony in Southeast Asia became a barrier to the British cotton trade.

Dutch protectionism started with the Textile Ordinance in February 1824, which set a high tariff on British cotton goods (BPP 1840, p. 13). Prior to the Netherlands' resuming control of Java in 1816, the Javanese cloth market was overwhelmed by

British cotton goods. Afterwards, in order to preserve the market for Flemish cotton goods, the Netherlands imposed an import duty of 25% on British cotton goods shipped directly from Britain, and 35% if they came via an Asian port. The latter was more common as British cotton goods were usually imported to the Dutch colonies via Singapore. This high tariff interrupted the influx of British cotton goods into Java, while imports of Flemish cotton goods, which bore no duty, increased as a ratio of cotton goods imported into Java—from 2.5% in 1823 to 70% in 1829 (Muller 1857, pp. 84–91; Posthumus 1921, pp. 90–93).

The British government made diplomatic protests against this Dutch protectionism in line with Article 2 of the Anglo-Dutch Treaty (BPP 1840, pp. 2–3). According to this treaty, the two nations had agreed that the vessels of one nation entering a port in the Eastern Seas belonging to the other nation would not pay more than double the duty on the vessels of the nation that controlled the port. In addition, that stipulated that if no duty was imposed on the vessels of that nation, the charge on the vessels of the other nation would not exceed 6%. That is, the imposition of high tariffs of 25 and 35% on British cotton goods constituted a violation of the treaty, because there were no duties on Dutch cotton goods. In response to Britain's protests, the Netherlands insisted that the Anglo-Dutch Treaty was concerned with the nationality of ships and did not make stipulations regarding the origin of products (Posthumus 1921, pp. 262–263, 448). Generally, high tariffs were maintained throughout the 1820s.

The British government's protests were in the interests of two parties: British merchants who exported cotton goods directly from Britain to Dutch Java, and British merchants based in the Straits Settlements who could benefit from the re-export of British cotton goods to Southeast Asian countries. Since the Dutch government altered its tariff policy in accordance to British diplomatic protests based on the different interests, we examine each step in turn.

The first group was British merchants at home. In Java, British cotton goods began to circulate under British rule and maintained a dominant share among total imports of cotton goods until 1823 (Van der Kraan 1998, p. 11). The high tariff set by the Textile Ordinance of 1824 reduced the imports of British cotton goods and helped to increase imports of Belgian cotton goods into Java. However, as a result of the secession of Belgium in 1830, the Netherlands lost the Flemish cotton industry and could no longer export domestic cotton goods to Java. British merchants immediately took advantage of this to increase their own exports of cotton goods to Java. For a time, over 90% of the total cotton goods imported into Java were British (Muller 1857, pp. 84–91; Van der Kraan 1998, pp. 24–25). This situation led to an optimistic outlook among British merchants even in the face of Dutch protectionist policy. As the Dutch government began to nurture the domestic cotton industry, however, the British sensed the urgency of the situation, and after 1833, they strengthened their protests against Dutch tariffs (BPP 1840, 66–73). In May 1836, the Dutch government gave in and raised the tariffs on Dutch cotton goods from zero to 12.5%, while maintaining the tariff rate of 25% on British cotton goods (Posthumus 1921, p. 473).

In October 1837, the Dutch government also reduced the tariff rate of 35% on British cotton goods imported via Asian ports to 25%, the same as direct imports

from Britain (BPP 1840, p. 187; Posthumus 1921, p. 485). These alterations in Dutch tariff policy during the 1830s did not, however, improve the institutional base of intra-regional trade, as we shall see below.

Second, we take up the progress of tariff conflicts based on the interests of British merchants in the Straits Settlements. British diplomatic protests during the 1830s did not explicitly mention the 35% tariff imposed on the Straits Settlements because the Netherlands charged the tariff even to Dutch ships importing European cotton goods through the Straits Settlements (BPP 1840, p. 63): if a Dutch ship brought Dutch cotton goods from Singapore to a Dutch-ruled port, the ship had to pay a tariff of 35%, following Article 2 of the Anglo-Dutch Treaty. Dutch traders, however, had no need to send their cotton goods through Singapore.

The commerce of British merchants based in the Straits Settlements was severely affected by the Dutch discriminatory tariff, levied not only on Java but also on Dutch-ruled ports located on the west coast of Sumatra, Borneo, and Celebes (Moor 1837, pp. 173–174). Singapore's merchants were eager to plead their case with the home government, publishing protests in the newspapers, but did so in vain (*SC*, May 12 1825; BPP 1840, pp. 63, 161–162).

To make matters worse for merchants in the Straits Settlements, in 1834 during the Belgian Revolution, the Dutch government implemented a prohibitive tariff of 70% on imports of European cotton goods via the Straits Settlements, casting it as a wartime decree (BPP 1842, p. 15). Although the Netherlands insisted that this new tariff policy was aimed at driving Belgian cotton goods out of Dutch possessions, the prohibitive tariff was in reality also levied on imports of British cotton goods (BPP 1842, pp. 53–54). Furthermore, in 1834, the Batavian government also issued port regulations, declaring that foreign European cotton goods would not be permitted to enter Dutch possession unless they were first imported into the principal ports of Java (BPP 1840, pp. 74–75). In other words, exports of cotton goods from Singapore to Dutch possessions in Sumatra, Borneo, and Celebes were completely banned, and this severely damaged the entrepôt function of Singapore. As a result, the import of British cotton goods from the Straits Settlements to the Dutch territory was considerably reduced. The British home government could not judge accurately whether the Dutch regulations were a violation of the Anglo-Dutch Treaty or not, because the decrees were not published in Europe (BPP 1840, p. 71).

This discriminatory Dutch tariff spurred further complaints from local British merchants, making the issue a top diplomatic priority for the British in the early 1840 (*SFP*, Apr. 5 1838, Jun. 20 1839, Jul. 18 1839, Sept. 26 1839; BPP 1842, pp. 2–3, 21, 54). In 1841, Lord Palmerston, the British foreign minister, lodged an official protest with the Dutch government concerning the discriminatory tariff and the port regulation. The Dutch government responded immediately with an official declaration that the prohibitively high tariff and the port regulation had been abolished in October 1839. Thus, by reducing the tariff to 25% in line with the terms of the Anglo-Dutch Treaty (BPP 1842, pp. 40–43), the institutional basis for trade between the Straits Settlements and Dutch possessions was eventually set right.

4 The Role of Middlemen in Singapore's Trade Growth

4.1 *The Business of Singapore's Middlemen*

This section explores the role of middlemen in the growth of Singapore's regional trade. First, we focus on the rise of Chinese middlemen as business partners for Western merchants in Singapore. The number of Western trading companies in Singapore increased from 14 in 1827 to 36 in 1855 (Wong 1960, p. 167). These companies dealt in European products as middlemen, and sent Chinese and Southeast Asian commodities to Europe (Earl 1837, p. 415; Lee 1978, pp. 14–15), selling European cotton goods to Asian traders in exchange for local produces. For transactions with Asian traders, Western merchants required middlemen who were familiar with local commerce.

Western merchants, especially British merchants, were not familiar with commerce in Southeast Asia, while local traders, who visited Singapore from distant islands like Malay and Bugis, had little experience of communication with Western merchants. Thus, Chinese merchants who moved to Singapore from Malacca acted as mediators between them (Anonymous 1855, p. 122; Wong 1960, pp. 84–85). They operated intermediary business based on their capacity to communicate in English with Westerners and on their experience of transaction with local traders.

In Singapore, Western merchants went through middlemen, delivering cotton goods in advance and later receiving Southeast Asian products as payment (Wong 1960, p. 163). However, this credit sale was risky for Western merchants: The usual term of payment was two to three months, and if a middleman became incapable of clearing the debt by the due date, the term was extended to six months at longest (SC, 22 May 1828; Wong 1960, p. 163). The collection of credit sales was in other words unpredictable, and there was a risk of the middleman's failure to collect on advance sales. Singapore's commercial newspaper reported that many Chinese traders went back to China without paying their debts (SC, 13 Aug. 1829). Singapore's court system did hear cases of default on credit sales (SC, 22 May 1828, 12 Aug. 1830), but since the sole judge was stationed in the Penang headquarters, Singapore's court was administered by another officer, and trials often did not operate smoothly. Merchants in debt accordingly realised that the authorities would not seize their property even if they neglected to fulfill their payment obligations (Buckley 1902, p. 239). This suggests that the institutional foundations for the Western merchants' transactions in Singapore were unstable, which opened the way for Chinese middlemen who owned local property and acted as administrators to become valued business partners for Western merchants.

Chinese middlemen were not only engaged in the intermediary business for Western merchants, but also dealt in a variety of commodities on their own account. Table 2 shows the goods traded by Singapore's middlemen, Tan Kim Ching and Tan Kim Seng, during the first half of 1851. These two merchants were Fujian Chinese who moved from Malacca, and became exceedingly wealthy through business partnerships with Westerners and positions in the colonial government (Song 1902, pp. 46,

62, 66, 91–92; Yen 1986, pp. 183–184; Miyata 2002). The merchandise listed in the table was traded between Singapore and Asian colonial ports such as Penang, Hong Kong, and Batavia. It is evident that both merchants dealt in various Southeast Asian products. In addition, the table shows the percentage (by value) of Western products, Indian and Chinese products, and Southeast Asian products in Singapore's total trade in 1851, calculated from the trade statistics. Southeast Asian products listed in Tan Kim Ching's merchandise accounted for 24% of imports and 33% of exports in Singapore. Tan Kim Seng's accounted for 24 and 29% respectively. These figures are comparable to the shares of the Western products and the Indian and Chinese products in the table. Both merchants likely purchased regional products from local traders coming to Singapore, as part of their intermediary business. These included not only articles for European markets, such as sugar, tin, and coffee, but also goods for China, such as bird's nest and sea cucumber, and for local markets in Southeast Asia, such as tobacco, betel nut, and rice. In other words, Chinese middlemen did not merely function as intermediaries in the cotton goods business for Western merchants but also mediated between local traders who gathered in Singapore, and handling a variety of products. The middleman business made multilateral connections among many mercantile players in Singapore.

4.2 The Circulation of Cotton Goods in Singapore

Next, we examine mercantile activities in Singapore, focusing on the circulation of cotton goods, which was one of the driving forces for the growth of Singapore's trade.

The upper part of Table 3 shows the ratio to Singapore's total regional exports of each of three main items: European cotton goods, Indian cotton goods, and opium. Indian cotton goods had been circulating in Southeast Asia since the sixteenth century, and took up a larger share of Singapore's intra-regional exports in 1828 than European goods did. However, the table indicates that the ratio of European cotton goods overtook and surpassed that of Indian goods after 1836, in conjunction with the growth of Singapore's regional trade.

From the lower part of Table 3, we can see the change in export values for Indian and European cotton goods for each principal Southeast Asian trading counterpart for Singapore. The grey shading indicates that the export value of European goods surpassed Indian goods. As these figures show, while exports of European cotton goods to Siam and the east coast of the Malay Peninsula had overwhelmed Indian goods by the late 1830s, Indian cotton exports to Sumatra, Borneo, and Celebes stayed strong into the early 1840s. This regional difference suggests that the Dutch discriminative tariff hindered Singapore's exports of European cotton goods until the early 1840s, as discussed in Sect. 3, and that as a result, Indian cotton maintained its significance in exports to Dutch ruled ports in Sumatra, Borneo, and Celebes. On the other hand, although traditional taxation persisted, such as tribute to rulers in Siam and the Malay Peninsula (SC, 30 Jul. 1829; SFP, 12 Jan. 1837, 2 Nov. 1849;

Table 2 Composition of commodities dealt in by Tan Kim Ching and Tan Kim Seng (Jan.–Jun. 1851)

	Tan Kim Ching Co. (14 imports, 16 exports)	Tan Kim Seng Co. (21 imports, 19 exports)
Western articles	Iron, European cotton goods [2 articles: 17% of imports 13% of exports in the Singapore trade (official year 1851)]	European cotton goods, glassware, muskets, port wine, vermicelli, coir rope, iron anchors, iron shots, gunpowder, canisters, iron pans, flooring tiles, European earthenware, copper doit (14 articles: 21% of imports, 14% of exports)
Indian and Chinese articles	Bengal rice, Benares opium, copper cash, tea, chairs, silver coins, cotton, Malawa opium, tobacco, chintz, tamarind (11 articles: 32% of imports, 35% of exports)	Nankeens, Madras chintz, Madras brown Salem pore, Bengal malls, China tobacco, safflower, umbrellas, water jars, tea, Benares opium, raw silk, Chinese crockery, cotton, broken silver (14 articles: imports 32%, exports 35%)
Southeast Asian articles	Sugar, black pepper, glue, tin, rice, alum, lakkawood, timber, rattan, ebony, seaweed, sea cucumber, stick-lac, shark's fin, fish skin, mats, birds' skin and feathers, birds' nests, goat skin, tortoise shell, eaglewood, fish maw, pearl sago, gambir, sappan-wood, gold dust, cargo rice, paddy, betel nuts (29 articles: 24% of imports, 33% of exports)	Manila cigars, elephant's teeth, tin, Bugis tobacco, gambir, fish roe, planks, Java tobacco, tortoise shell, Siam gamboge, horns, Malacca canes, Siam stick-lac, rattan mats, white rice, hides, seaweed, coffee, nutmeg, shark's fin, gold dust, cargo rice, sandalwood, rattan, ebony, white birds' nests, black birds' nests, rhinoceros horns, Java white sugar, sea cucumber (30 articles: imports 24%, exports 29%)

Note This table is same as Table 7 in *Kobayashi* (2013)

Sources ST, Jan. 28–Jun. 24, 1851. The percentage of articles is from *Tabular Statements, Singapore, 1851*

Crawford 1828, p. 388), we assume that the barriers to trade in those countries were relatively minor compared with the high Dutch tariff. In other words, the difference in trade barriers between the two regions evidently affected how the cotton goods trade shifted in Singapore.

In addition, we argue that the mercantile relationships led to regional variations in the expansion of European cotton goods' exports. To substantiate this argument, let us turn to the merchants' business in Singapore, beginning with commercial activities by local traders between Singapore and the east coast of the Malay Peninsula. Singapore's trade with the east coast was conducted by Malay traders who were employed by the rulers of the coastal ports, such as Terengganu, Kelantan, and Pahang, and by Chinese traders residing in Singapore. According to commercial newspapers in the late 1820s (SC 30 Jul. 1829), the rulers of the east coast gathered local products such as tin, gold dust, and pepper, from the hinterlands, and exported them to Singapore by

Table 3 Top 3 exports in Singapore's regional trade (1828, 34, 40, 46, 52) (unit: Spanish Dollar)

	1828	1834	1840	1846	1852	
European CG	240,570(11)	546,904(22)	611,766(15)	682,308(17)	1,025,576(20)	
Indian CG	591,404(27)	475,651(20)	298,334 (7)	202,065 (5)	150,639 (3)	
Opium	428,426(19)	368,150(15)	718,106(17)	837,907(21)	1,117,507(21)	
Total 3 items	1,260,400(57)	1,390,705(57)	1,628,206(39)	1,722,280(44)	2,293,722(44)	
Intra-regional exports	2,223,865(100)	2,435,293(100)	4,147,364(100)	3,928,191(100)	5,225,380(100)	
Siam	ECG	86,139	47,245	107,455	113,748	252,443
	ICG	88,294	30,969	23,560	20,953	49,759
East Coast Malay Peninsula	ECG	10,473	13,531	56,059	72,974	75,926
	ICG	21,986	14,477	8,741	1837	660
Sumatra	ECG	18,828	33,928	20,972	43,744	61,766
	ICG	96,636	71,589	42,396	32,823	8,727
Celebes	ECG	29,207	21,394	74,837	102,841	163,691
	ICG	65,323	65,931	52,478	14,146	15,937
Borneo	ECG	3839	13,848	51,020	115,050	199,005
	ICG	109,031	76,562	60,651	68,668	26,740

Note E. C. G. = European cotton goods. I. C. G. = Indian cotton goods

Sources 1828 from *SSFR*, G/34/162. 1834 from *SFP*, Commercial Tables 1835. 1840–52 from *Tabular Statements, Singapore 1840–52*

vessels called 'prows'. The rulers employed captains, known as 'Nakoda' in Malay. Nakoda carried local products from the east coast, and traded them with Chinese middlemen in Singapore in exchange for exports, such as opium, cotton goods, and Javanese tobacco. They brought those products back to the ports of the east coast. However, reports suggest that prow trade was in decline by the late 1830s, replaced by Chinese 'pucats' in the trade between Singapore and the east coast (SFP 12 Jan. 1837).

Chinese merchants used pucat, but also employed 'nakoda' for the voyage between Singapore and the east coast of the Malay Peninsula (SC 30 Jul. 1829; SFP 12 Jan. 1837). Nakoda were responsible for losses due to shipwreck and piracy. A pucat had 25 to 30 crew members on average, all of whom were Chinese. They operated on a cooperative basis: while crew members did not receive wages, they could invest their capital in the pucat venture and earn returns from the benefits of the trade. Every crew member was thus a trader purchasing export merchandise, such as opium and cotton goods, on credit from the Chinese middleman who owned the pucat, and liquidating their debt with products imported from the east coast. Chinese pucat owners also maintained connections with Western merchants, and operated as intermediaries for them. The Chinese mercantile group operated the pucat trade between Singapore and the east coast.

Table 4 shows the volume of cotton goods exports by native vessels and the number of ships from Singapore to the east coast of the Malay Peninsula in 1834. This table shows that the largest volume of cotton goods was Indian (350 corges), followed by European (202.5 corges) and finally by Malayan (137.5 corges). The shipping was

Table 4 Export volume of cotton goods by Asian native vessels (1834–35)

1834–35	Destinations	
	East Coast Malay Peninsula	East Coast Sumatra
Number of ships	31 pucats, 7 prows, 1 junk	105 prows, 3 topes
Indian cotton goods	350	1459
European cotton goods	202.5	184.5
Malay cotton goods	137.5	159

Note The East Coast of Sumatra consisted of five ports: Palembang, Jambi, Indragiri, Campar, and Siak

Sources SC. 8 May 1834–2 May 1835 (Nov. 1934 and Apr. 1935 are missing from the sources)

handled by 31 pucats, 7 prows, and 1 Chinese junk. It is evident that Chinese pucats dominated the shipping of cotton exports from Singapore to the east coast.

In addition, regarding trade between Singapore and Siam, the commercial newspaper reported that Chinese merchants based in Bangkok imported Siamese produces, such as rice, sugar, and sappan wood, into Singapore, and brought cotton goods back to Siam (SC 21 May 1829, 21 Jul. 1831). They engaged in trade with Chinese merchants residing in Singapore. Accordingly, while there were various traders who either had a business base in Singapore or visited there from other countries, Chinese merchants played a principal role in the trade with the east coast of the Malay Peninsula and Siam. In those regions, located on the Siamese Gulf, Chinese merchants expanded their business vigorously after the lifting of the Manchu maritime ban in the eighteenth century (Cooke and Li 2004). We can assume that the merchants who had developed their businesses in this area extended their commercial networks to Singapore.

Turning to the export of cotton goods from Singapore to the islands, such as Sumatra, Celebes, and Borneo, Indian cotton goods remained in abundance until the early 1840s. Looking specifically at the commerce between Singapore and Sumatra, in the first half of the nineteenth century, most ports along the western coast of Sumatra were under Dutch control, and they scarcely traded with the Straits Settlements. The ports along the Sumatra's eastern coast, however, traded with the Straits Settlements. Among the port cities on the Eastern coast, Campar, the port nearest to Singapore, became the centre for gathering local products such as coffee, beeswax, and rattan from the interior highlands of Sumatra, and local Malay traders exported those articles to Singapore. According to Singapore's commercial reports (Moor 1837, p. 101), Malay traders from Campar sold their imports to Chinese merchants in exchange for cotton goods.

Table 4 shows the quantity of cotton exports shipped by native vessels from Singapore to the five ports on the east coast of Sumatra in the mid-1830s. It is clear that the exports of Indian goods comprised the overwhelming majority (1459 corges), compared with European goods (184.5 corges), and Malayan goods (159 corges). Among the five ports on the east coast, Palembang had become Dutch territory in 1825, and Jambi and Indragiri were subject to Dutch influence. Therefore, we can

assume that the high Dutch tariff at those ports hindered imports of European cotton goods from Singapore, and contributed to the continuity of Indian cotton goods exports to this area. 105 prows and 3 topes carried cotton goods. The prevalence of prows and topes, both identified as Malay vessels, suggest that it was local traders who were principally engaged in exporting cotton goods from Singapore to the east coast of Sumatra.

Likewise, local traders carried the trade between Singapore and other islands such as Borneo and Celebes. Malay and Bugis traders visited Singapore from Borneo with an abundance of regional products, and they bought cotton goods through transactions with Chinese merchants in Singapore (Moor 1837, p. 13). For the trade with Celebes, Bugis traders imported various commodities into Singapore and sold them to Chinese merchants in exchange for products such as cotton goods, cotton yarn, and iron tools (SC 16 Dec. 1830; Davidson 1846, pp. 56–57). Malay and Bugis traders conducted trade primarily with Sumatra, Borneo, and Celebes.

To summarize the regional differences of merchants' activities: First, European cotton goods became dominant among the exports to the east coast of the Malay Peninsula and Siam by the mid-1830s, with Chinese merchants largely presiding over the commerce in these regions. Meanwhile, Malay and Bugis traders carried Singapore's trade with the islands of Sumatra, Borneo, and Celebes.

4.3 The Modes of Transaction for Cotton Goods

Lastly, we examine patterns in the cotton goods transactions between various merchants in Singapore's market, with particular attention to the reputations of the merchandise for quality and to the duration of mercantile relationships.

First, we discuss the effect of reputation for quality on Indian and European cotton goods sales in Singapore's market. European cotton goods began to circulate in the Southeast Asian market via Singapore in the 1820s, but did not immediately become dominant over Indian cotton goods because they had a reputation for poor quality. An article in Singapore's commercial newspaper in the 1820s pointed out the cause of low sales of European cotton goods, noting that "the colours of the European manufactures are notoriously evanescent, whilst those dyed by the natives are permanent, and never give way (Moor 1837, p. 177)". Additionally, the report considered that "[in recent] years it is said that Indian cloths have met with better sales, in consequence of the natives beginning to find out that they are far more durable than the English (Newbold 1839, p. 353)". These sources indicate that while the bad reputation of European quality persisted, Indian cotton goods were highly regarded in terms of quality. In the early nineteenth century, British colonial records made suggestions on how British industry could adjust its coloured and patterned cotton goods to the preference of Southeast Asian populations and ultimately come to dominate the regional market by driving out Indian goods (SSFR G34/179, 2 May 1806). Therefore, we assume that European and Indian cotton goods were in competition with each other in the market of coloured and patterned products, and

the European reputation for fading and poor durability became an obstacle to better sales. Plain textiles became the most marketable of the European cotton goods in Southeast Asia (Moor 1837, p. 177; Wright 1961, pp. 225–226).

Table 5 shows the ratios of plain, patterned, and coloured products in the exports of European cotton goods to the east coast of the Malay Peninsula and Sumatra during the 1840s. This table indicates that plain products comprised over 50% of the total exports of European cotton goods to both countries. According to the same data from other countries, plain product accounted for over 90% of the total in Siam, over 50% in Borneo, and over 60% in the Celebes. However, a more detailed look at the ratios of coloured and patterned products in Table 5 shows that coloured products accounted for over 40% of cotton goods exports to the east coast of the Malay Peninsula in the early 1840s, and began to increase in exports to Sumatra after the mid-1840s. In other words, while European coloured and patterned products grew dominant over Indian goods at the early stage in the exports to the east coast, they dominated later among exports to Sumatra. This difference between the two countries is consistent with the early expansion of European cotton goods exports to the east coast of the Malay Peninsula and the persistence of Indian exports to Sumatra as observed in Table 3. In addition, according to Singapore trade statistics (Tabular Statements, Singapore), the ratios of coloured and patterned products in European cotton goods exports to Borneo and Celebes rose from the middle of the 1840s, much as in Sumatra. As for Siam, plain textiles continued to make up more than 90% during the analysis period, suggesting differences in clothing preferences between mainland and insular countries.

Two points of view are important for considering regional differences in the expansion of European coloured and patterned cotton goods. First is the improvement in the quality of European cotton goods. If quality improved sufficiently, sales and exports would rise, but any such improvement would have facilitated an expansion of exports to every country. Hence, quality improvements alone do not explain the regional difference in the exports of cotton goods. A second point of view is the mode of transactions between middlemen and local traders in Singapore. Depending on the mode of transaction, information inaccuracies may arise that increase transaction costs. That information asymmetry would hinder transactions in European cotton goods, which gained notoriety for its poor quality. Certain types of transactions, however, might offset the transaction costs of imperfect information.

This highlights the advantage of longstanding relationships with Chinese merchants in the expansion of European cotton goods' exports to the east coast of the Malay Peninsula. As discussed above, Chinese traders operated pucat trade as a mercantile venture group, purchasing cotton goods on credit from Chinese middlemen. They shared the interests of pucat trade, and formed a relationship of mutual trust through their transactions. We assume that they were able as a result to mitigate the high cost of transactions in European cotton, despite its reputation, through their long-term commercial partnerships. Thus, Chinese traders could trade European cotton goods at relatively low cost and were therefore able to expand their exports early on.

Table 5 The ratio of plain, printed, and dyed cotton goods in total European cotton-goods exports (1840–52)

	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852
<i>East Coast Malay Peninsula</i>													
Plain (%)	56	54	49	76	80	66	59	46	65	78	66	68	67
Printed (%)	4	2	2	0 (33)	5	16	6	13	8	6	10	7	8
Dyed (%)	40	44	50	24	15	18	35	41	27	16	24	24	25
Total (number of pieces)	23,419	23,240	26,510	8,640	14,038	21,868	35,443	36,354	24,174	37,148	26,902	42,126	42,878
<i>Sumatra</i>													
Plain (%)	78	80	63	78	87	60	55	59	56	68	65	53	50
Printed (%)	21	5	31	10	6	5	9	9	5	8	7	6	3
Dyed (%)	2	14	6	12	7	35	36	33	39	24	29	41	47
Total (number of pieces)	5,782	13,578	5,285	6,843	9,808	25,118	21,881	17,601	21,339	19,933	20,928	38,923	34,449

Note In the case of zero per cent, the export volume in piece is shown in parenthesis

Source *Tabular Statements, Singapore 1840–52*

Meanwhile, Malay and Bugis traders who visited Singapore from those islands played a principal role in the trade with Sumatra, Borneo, and Celebes, and traded their merchandise in Singapore's market. A European traveller described observing a transaction between Bugis traders and Chinese merchants at Singapore's bazaar in the 1840s (Davidson 1846, pp. 56–57):

On the arrival of a boat, her nakoda (or commander) lands with nearly every man on board; and he may be seen walking all over the place for a few days before making any bargain. ... They [Bugis] are, however, always received with a hearty welcome by the Chinese of the Island [Singapore], who, inviting them to be seated, immediately hand round the *siri-box* (betel-nut, arica leaf, & c.) among them; and over this universal luxury, they will sit and talk on business matters for hours, during which time it may be fairly calculated that both host and guests tell a lie per minute, without betraying by their countenances the slightest consciousness of having been thus engaged. This strange sort of preliminary negotiation goes on, probably, for a week; at the end of which the passer-by [Bugis] may see the contents of the different Bugis boats entering the Chinese shops or stores, as the case may be.

This description suggests that this “on-the-spot” transaction required experience with local commerce and the ability to communicate in the local vernacular. As a result, Chinese middlemen who were familiar with local commerce became the dominant dealers for Malay and Bugis traders in Singapore's market. Moreover, this record shows the existence of several Chinese middlemen dealing with local traders, and of competition among those middlemen. In this market, Bugis traders negotiated with Chinese merchants to handle their imports based on information they gathered on the spot. They tended to pay higher costs for these transactions than Chinese commercial groups did in order to confirm the quality of the commodity. Consequently, we can assume that Malay and Bugis traders were reluctant to purchase European cotton products because of its reputation for bad quality, and they preferred Indian cotton goods with their higher guarantees of quality.

However, the ratio of European coloured and patterned cotton cloths to total Singapore's exports to Sumatra, Borneo, and Celebes increased after the mid-1840s in spite of their bad reputation. How can this change be explained? First, the change can be interpreted to signify that Chinese traders started to engage in trade with those islands, and could take advantage of the longstanding commercial partnerships to facilitate the transactions in European cotton goods, leading to an increase in the sales of coloured and patterned products and of their export to those islands. Nevertheless, the visit of Bugis traders also continued to be a significant factor in market conditions in Singapore until the early 1860s (SFP 29 Nov. 1852, 30 Sep. 1853, 20 Oct. 1857, 5 Oct 1859, 21 Nov. 1861, 19 Sep. 1862, 21 Nov. 1864), leading to the inference that their business retained importance for Singapore's trade. Presumably, it was efficient for Chinese middlemen to sell merchandise to local traders who were familiar with local markets in each country, rather than extended their own trading activities to those distant islands. This was the result of underdeveloped infrastructure such as steamship lines and marine telegraph in Southeast Asia before the late nineteenth century. In eighteenth-century maritime Southeast Asia, Bugis traders migrated in large numbers from Celebes to the surrounding islands, and expanded their trading activities there (Andaya 1995). It is likely that they sustained a vigorous role in

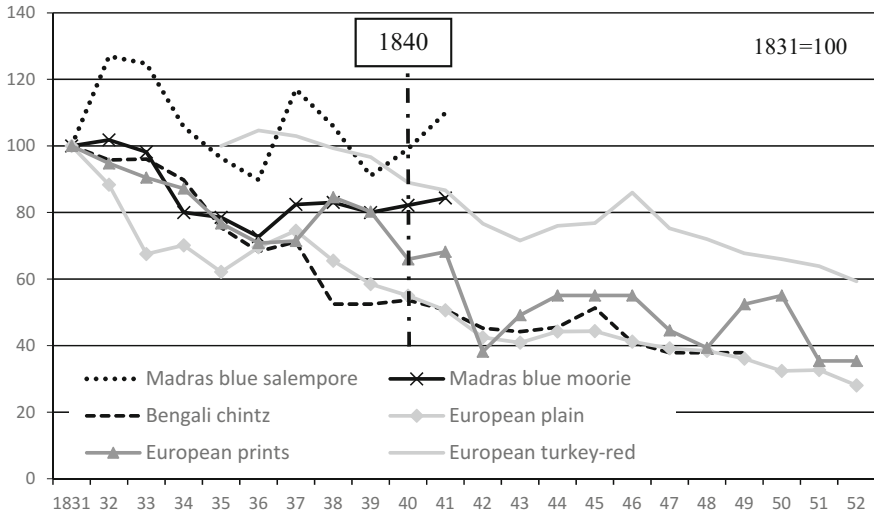


Fig. 6 Price indices of cotton goods in the Singapore market (1831–52). *Sources* 1831–35 from *Singapore Chronicle*, Price Current. 1836–52 from *Singapore Free Press*, Price Current. *Note* weekly quotations are available from Jan. 1831 to Mar. 1847. Thereafter, quotations are monthly. This figure shows annual average prices calculated from monthly prices (extracted from the first quotation of each month)

Singapore's regional trade until the mid-nineteenth century, and were not simply driven out by the expansion of Chinese traders' commerce. Therefore, we cannot assume that the dominance of Chinese mercantile networks was the single factor in the increase of the exports of European cotton goods to the eastern islands.

Thus the falling prices of coloured and patterned products in Singapore's market were the principal factor in the expansion of European cotton exports. Figure 6 shows the price indices of Indian and European cotton goods as published in Singapore's commercial newspapers. Varieties include Madras blue salempore and blue moorie, Bengali chintz, European white shirting (plain), prints, and turkey-red. The calculations are based on an index of 100 in 1831 (in the case of European turkey-red, 1835 = 100), and show a considerable fall after 1840 in the prices of European prints and turkey-red compared with Indian products and European white shirting. Price changes in the two items from Madras could not be traced after 1841. From 1840 to 1852, European turkey-red fell in price from 90 to 60 and European prints from 65 to 35, a decrease of nearly 30% for both products. One of the factors for these falling prices was the enhanced productivity of British industry due to the widespread use of the power loom after the 1830s, which led to falling export prices in British cotton goods. (Farnie 1979, pp. 83, 89–90). This price drop would have facilitated transactions between Chinese middlemen and Bugis traders in Singapore's market: Bugis traders increased their purchases of European goods when reasonable prices offset the high costs of transactions.

Furthermore, as discussed above, the high tariff imposed on British cotton imports into Dutch possessions decreased drastically in the early 1840s. We speculate that this tariff reduction contributed to the fall in export prices of European cotton goods from Singapore to the Dutch colonies. Through the multiplier effects of the decreasing market price and the tariff reduction, local traders were more likely to take part in the transaction of European cloths in Singapore market.

Finally, we summarise the role of Chinese middlemen in the development of Singapore's trading system during the first half of the nineteenth century. Various Asian traders who had for years managed businesses in Southeast Asia drove Singapore's regional trade. They were familiar with the local market and took advantage of their experience and knowledge in their trading activities centred on the new colonial port. In addition, Chinese middlemen played a pivotal role in the circulation of European cotton goods in Singapore. They received cotton cloth from European merchants and sold it to Chinese traders on credit and to Malay and Bugis traders through the transactions in the market. These middlemen dealt in a variety of merchandise, including not only European cotton goods but also various Southeast Asian products as seen in Table 2, and it enabled them to fulfill the diverse demands of local traders. Chinese traders and Malay and Bugis traders could therefore purchase all export merchandise efficiently from the same middlemen in Singapore. Thus, Chinese middlemen linked transactions among various merchants and organised the circulation of commodities in Singapore's transit trade. Their business facilitated the growth of Singapore's trade as they navigated both long-distance trade with the West and local trade with neighbouring countries.

5 Conclusion

This section summarises the main arguments. First, the study posited that intra-regional trade centred on British and Dutch colonies grew after the 1820s with the shift of the trading centre from Dutch Java to the Straits Settlements. The deregulation of the discriminatory high tariff in Dutch territory against the Straits Settlements was particularly significant as a catalyst for this growth in intra-regional trade. During the 1820s and 30s, Dutch protectionist tariff policies, which violated the Anglo-Dutch Treaty, hindered trade between the Straits Settlements and Dutch islands. After the early 1840s, the Dutch government reduced the tariff in response to the British diplomatic protests, and regional trade in British colonies began to increase.

The latter half of this paper examined the mechanisms for the growth of Singapore's regional trade, with an emphasis on merchant activity. While Chinese middlemen operated the intermediary business for European merchants by selling cotton cloth to Asian traders, they dealt in a variety of Asian products that were in demand by local traders. Based on the experience of local commerce and longstanding mercantile relations, the middlemen traded such merchandise with traders involved in regional trade, such as Chinese, Malay, and Bugis traders. For Singapore's transit trade, Chinese middlemen played a significant role not only by connecting Western

long-distance trade and regional trade but also by organising the multilateral trading connections among Southeast Asian countries via Singapore. As a result, Singapore thrived as a trade hub, linking a wide area of Southeast Asia and fuelling the growth of regional trade.

This paper did not analyse the mechanism of the growth of regional trade centred on Dutch Java. This requires examination it through empirical study of merchant businesses and commodities, in order to further understanding of the growth of trade in Southeast Asia during this period. Furthermore, we must consider the role of trading centres aside from the British and Dutch colonies during the first half of the nineteenth century. These subjects are our next tasks.

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Chapter 3

The British Atlantic Slave Trade and Indian Cotton Textiles: The Case of Thomas Lumley & Co.



Kazuo Kobayashi

Abstract This article addresses the role of Indian cotton textiles as one factor in the rapid growth of the British Atlantic slave trade in the century before the abolition of the trade in 1807. The Anglo-African trade statistics compiled by Marion Johnson opened our eyes to the important role of re-exports of Indian cotton textiles in the slave trade. I have therefore used the records of the London merchant Thomas Lumley to draw an accurate picture of the commercial networks that led from India via Britain to West and West-Central Africa. As a result, I have been able to map the trade routes followed by Indian cottons, examine the Asian dimension of the British Atlantic slave trade, and highlight the regional differences in consumer demand for Indian textiles in pre-colonial West and West-Central Africa.

Keywords Atlantic slave trade · West Africa · West-Central Africa
Indian cotton textiles · Networks · Note

1 Introduction

The eighteenth century saw the rapid development of the Atlantic economy. It was characterised by slave-based plantations in the Americas and the Caribbean Islands that produced commodities such as sugar and tobacco for European consumers. A constant supply of labour from the African continent, mostly West and West-Central Africa, was the key to maintaining production. Hence, Malachy Postlethwayt described the Atlantic slave trade as ‘the Great Pillar and Support of the British Plantation Trade’ (Postlethwayt 1745).

This chapter is a revised version of a research note that appeared in *Shakai Keizai Shigaku* (Socio-Economic History) Vol. 77, No. 3 (2011) pp. 425–442 as a Japanese-language article entitled “Igirisu no Taiseiyō dorei bōeki to Indo-san men orimono: Thomas Lumley shōkai no jirei wo chūshin ni”.

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T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_3

*Voyages*¹: *The Trans-Atlantic Slave Trade Database* shows that during the eighteenth century 6.5 million slaves were exported from Africa through the so-called Middle Passage to the Americas. 2.5 million of these slaves were transported on British ships. The British carried 33,170 slaves from Africa between 1641 and 1650, but this was followed by three major phases of expansion: from the 1650s to the 1680s, from the 1710s to the 1720s, and from the 1740s to the 1760s. These phases were related to changes in trade organisations such as the Royal African Company, and to the emergence of new trading ports such as Bristol and Liverpool. Despite the French Revolutionary and Napoleonic Wars, the British managed to ship 386,000 slaves from Africa to the Americas from 1791 to 1800, and an average of 40,000 slaves per year from 1801 to 1803. Indeed, in the century before the Slave Trade Act of 1807, Britain transported almost as many slaves as Portugal, the largest overall participant in the Atlantic slave trade (Richardson 1998; *Voyages*).

This article explores the factors that enabled the British to purchase increasing numbers of slaves in Atlantic Africa in the years up to their official withdrawal from the slave trade. In the literature, the growth of the British Atlantic slave trade has often been discussed in the context of the British industrial revolution. Eric Williams, in his polemical *Capitalism and Slavery* (Williams 1944), explained that the growing demand for labour from the Caribbean sugar plantations was behind the rapid expansion of the British Atlantic slave trade in the eighteenth century. He sparked intense debates by arguing that it was the profits from the slave trade and slave labour that financed the industrial revolution in Britain. This argument has since been the crux of the “Williams thesis” (Williams 1944; Solow and Engerman 1987; Furugawa 1991; Morgan 2000; Kobayashi 2009).

More than 70 years after the publication of *Capitalism and Slavery*, there seems to be a consensus that an insatiable demand in Europe for sugar and other colonial products triggered a rising demand for labour in the Americas and the Caribbean Islands, and thereby fostered the growth of the Atlantic slave trade (Sheridan 1974; Richardson 1987, 1998; Price 1989). However, the Williams thesis has provoked criticism from Stanley Engerman, Patrick O’Brien, David Richardson and David Eltis: they argue that profits from the slave trade did not play as large a role in British capital investments as Williams assumed (Engerman 1972; O’Brien 1982; Richardson 1998; Eltis and Engerman 2000).

Meanwhile, in Japan, pioneering works by Sakae Tsunoyama and Minoru Kawakita have examined the British slave trade in the larger context of its mercantilist empire, which encompassed the Atlantic economy, trade with Asia, and trade with the Baltic and North Seas. They argue that the increasing consumption in Europe of sugar from the Caribbean Islands was closely tied with the tea trade of the English East India Company (Tsunoyama 1970; Kawakita 1983, 1996. See also Ikemoto 1987; Wada 2000). These studies, based on the concept of world capitalism or approaches related to Wallersteinian world-system theory, highlight the contribution made by the Atlantic slave trade and slave labour to the expansion of Britain’s

¹Online database. *Voyages: the trans-atlantic slave trade database*. (<http://www.slavevoyages.org>). Accessed on 31 January 2011.

global trade and rising consumption as well as to the industrial revolution in Britain. Their approach gained quantitative support in a magnificent piece of work by Matsui (1991).

By contrast, in *The Great Divergence* (2000) Kenneth Pomeranz argues that it was abundant domestic supplies of coal and the existence of resources and markets in North America that led late eighteenth-century Britain along the capital-intensive developmental path towards the industrial revolution, and rescued Western Europe from the Malthusian trap. While Pomeranz is therefore suspicious about the links between the Atlantic slave trade and the industrial revolution, he admits that the slave trade developed markets for British manufactured goods in the New World colonies and thereby contributed to the economic development of Western Europe (Pomeranz 2000, pp. 186–188). Pomeranz also noted that Indian cotton textiles were the main medium of exchange for African slaves destined for the Americas (Pomeranz 2000, pp. 270–271), and this point has been echoed in recent works (notably Inikori 2002; Parthasarathi 2011; Riello 2013; and Beckert 2014). Their works clearly demonstrate that the growth of the slave trade must be considered from a global perspective.

Of course, there have been many studies of the growth of the British Atlantic slave trade itself. Paul Lovejoy and David Richardson have explored the institutional foundations of the transactions that occurred around the Bight of Biafra. They enabled Britain to emerge as one of the two leading actors in the Atlantic slave trade in the course of the eighteenth century (Lovejoy and Richardson 1999, 2004). Yet it must be noted that transactions on the coasts of West and West-Central Africa relied on barter exchanges (Hopkins 1973; Curtin 1975). Whether exported directly or re-exported from Europe, the items offered in exchange for slaves had to reflect African preferences since African merchants were known to reject goods that did not appeal to their customers. Therefore, European merchants needed accurate knowledge of the goods that were in demand in West and West-Central Africa. In other words, Africans were active agents, rather than passive victims, in the Atlantic trade with Europe (Thornton 1998).

The commodities shipped from Europe to Atlantic Africa generally included textiles, guns, gunpowder, iron bars, beads, tobacco, cowrie shells and alcoholic beverages (Williams 1944; Hopkins 1973; Curtin 1975; Hogendorn and Johnson 1986). When Richardson surveyed more than ninety voyages from Bristol and Liverpool to West and West-Central Africa he found that textiles, in particular Indian cottons, were the most important goods traded along the coastline (Richardson 1979). Robin Law also found textiles to be one of the major imports of the Bight of Benin. He further noted that the relative importance of different types of textiles changed over time because of shifts in local fashion (Law 1991). However, it was Marion Johnson who used the annual English Customs records to compile a database of Britain's trade with Africa in the eighteenth century (Johnson 1990).

The next section of this article uses Johnson's database to show that Indian cotton textiles were the most important component in Britain's exports to Africa in the eighteenth century. However, up till now little has been known about the intricate commercial networks that allowed textiles to travel from India via Britain to Atlantic

Africa.² The rest of the article uses the records of the London merchant Thomas Lumley to fill this gap in our knowledge. It maps the trade routes of Indian cottons, explores the Asian dimension of the British Atlantic slave trade, and shows the regional differences in consumer demand for Indian textiles in West and West-Central Africa in the final phase of the British slave trade. The resulting argument is that from a global perspective, Indian textiles were one of the key factors in the growth of the British Atlantic slave trade.

2 British Trade with West and West-Central Africa from 1699 to 1808

2.1 *Total Export Values and Commodity Composition*

The series of English Customs records held at the National Archives (the former Public Record Office) in Kew under CUST 3 and CUST 17 are an indispensable source for anyone wishing to build up an overall picture of British overseas trade in the early modern period. Researchers owe their knowledge of this quantitative data to the pioneering work of Ralph Davis, Thomas Ashton, and Elizabeth Schumpeter (Davis 1954, 1962, 1979; Ashton 1960; Schumpeter 1960; Clark 1968).

The records show quantitative changes in the volume and value of each commodity shipped as part of English trade. Welsh trade was listed separately until it was merged with the figures for England in 1772. However, values were kept at the ‘official values’ set in the late seventeenth century instead of being altered to the average market value for each year. In other words, there is a discrepancy between the official values given in the records and actual market values. The gap increased markedly during the French Revolutionary and Napoleonic Wars (McCusker 1971; Johnson 1990; Matsui 1991). It should also be noted that there is no information regarding trade with coastal areas of Africa such as the Gold Coast and Senegal, apart from figures for Sierra Leone in 1798 (Johnson 1990). Moreover, there are no records for trade at ports such as Cape Verde and Madeira that were stops for ships on their way to Africa to purchase slaves. Figures drawn from the records should therefore be treated with care, and a certain amount of upward adjustment is required (Richardson 1994). Despite these limitations, the data act as a useful indicator of quantitative changes in Britain’s trade with West and West-Central Africa in the eighteenth century.

From 1699 to 1808 the total value of British exports (including re-exports) to Africa expanded by a factor of around twelve (Table 1). The value grew from £88,000

²The likely cause of this gap in the literature is the fact that all the sales records of the English East India Company were destroyed. This makes it very difficult to identify the merchants who bought from the company and transferred textiles and other Asian goods to Africa unless historians are able to locate the private accounts of such merchants and reconstruct their business activities. I owe this information to an email communication from Professor Huw Bowen of Swansea University dated 30 January 2009.

Table 1 British exports to Africa, 1699–1808 (unit: pounds sterling)

	Textiles	Iron	Military stores	Others	Total value
1699–1708	564,929	84,988	21,454	208,858	880,229
1709–1718	490,065	71,583	23,712	138,092	723,452
1719–1728	1,030,534	127,136	52,311	405,794	1,615,775
1729–1738	1,360,379	198,462	76,403	389,727	2,024,971
1739–1748	993,123	166,444	64,335	282,514	1,506,416
1749–1758	1,220,914	230,437	128,346	422,751	2,002,448
1759–1768	2,666,814	359,222	238,935	971,434	4,236,405
1769–1778	3,740,616	378,893	325,959	1,437,594	5,883,062
1779–1788	3,729,694	294,772	274,739	971,540	5,270,745
1789–1798	5,696,644	440,600	391,245	1,658,641	8,187,130
1799–1808	7,491,722	313,461	658,919	2,286,675	10,750,777

Source Johnson (1990, pp. 52–60)

per annum at the beginning of the eighteenth century to £1,075,000 per annum at its end. This expansion coincided with the growth of the British Atlantic slave trade as described in the introduction.

Table 1 lists the commodities shipped from Britain to Africa from 1699 to 1808. Textiles accounted for 60 to 70% of total export values throughout the period, acting as the main exchange items for slaves, dyestuffs, ivory, gold and other goods along the coastline of Atlantic Africa. Their annual value, £56,000 in the first decade of the century, had more than doubled by the 1750s, and was reaching £373,000 on the eve of the French Revolution. In other words, in the ninety years leading to 1788, textile exports from Britain to Africa grew by a factor of seven. Other British exports to Africa were iron, military supplies, beads and cowries.

Table 2 gives details regarding the type of textiles exported from Britain to Africa from 1699 to 1808. It is evident that the overall trade in each kind of textile increased towards the end of the eighteenth century. Until the second decade of the eighteenth century, woollens were the main British textile exports to Africa. Thereafter, the leading position switched to Indian cottons. British exports of woollens to Africa remained relatively steady until the 1760s, but subsequently experienced a rapid growth.

Linens were also in demand in Atlantic Africa, although total values were not as high as other textiles. The Silesian region of Central Europe played a particularly large role in British linen exports to West and West-Central Africa. Elizabeth Karin Newman has drawn attention to the fact that linens accounted for 75 to 90% of the total value of British imports from Hamburg in the early eighteenth century, as well as accounting for 60 to 70% of Britain's total imports of linen during this period. Most of this linen was re-exported and exchanged for slaves and tropical goods in Africa (Newman 1979; Weber 2009; Steffen and Weber 2016).

Table 2 British exports of textiles into Africa, 1699–1808 (unit: pounds sterling)

	Indian cottons	British cottons	Linens	Woolens	Others	Total value
1699–1708	128,752	79,385	58,013	290,336	8,443	564,929
1709–1718	101,586	9,217	71,960	296,090	12,212	490,065
1719–1728	493,580	75,332	112,093	324,340	25,189	1,030,534
1729–1738	775,805	42,640	107,790	410,471	23,673	1,360,379
1739–1748	627,171	15,371	93,183	233,185	24,213	993,123
1749–1758	481,196	329,823	155,278	222,296	32,321	1,220,914
1759–1768	762,427	820,566	518,569	503,734	61,518	2,666,815
1769–1778	1,258,738	815,550	456,088	1,123,520	86,750	3,740,616
1779–1788	1,166,079	1,098,890	278,776	1,102,616	83,333	3,729,694
1789–1798	2,404,492	1,847,392	243,525	1,061,582	139,653	5,696,644
1799–1808	3,207,133	2,895,036	175,826	977,570	236,157	7,491,772

Source Johnson (1990, pp. 54–55)

Re-exports of Indian cotton textiles expanded gradually from the early eighteenth century, and were exceeding values of £100,000 per annum in the late eighteenth century. At their peak, in the years 1739 to 1748, Indian cotton textiles accounted for 60% of total exports of textiles from Britain to Africa and 30% of exports as a whole. They also had a predominant position among the commodities carried by ships of other European countries to West and West-Central Africa (Postma 1990). According to Jean Tarrade, the acknowledged expert on early modern French colonial trade, in the late eighteenth century Indian cotton goods accounted for 40% of total French exports to Africa (Tarrade 1972, p. 125).

From the mid-eighteenth century onwards, both import substitution and the production of imitation Indian textiles led to an expansion in exports of British cotton goods to Africa. (Kawakatsu 1982; Kawakita 1983; Inikori 2002; Berg 2005). Table 2 seems to indicate that there was direct competition between British and Indian cotton textiles in West African markets in the late eighteenth century (Inikori 2002). However, it should be noted that British ‘cotton’ cloth at this time was not made of pure cotton. British manufacturers were using linen yarns for the warp, so their products were blends of cotton and linen (Parthasarathi 2011, pp. 95–98; Styles 2016). The fact that the revival in the slave trade in the 1760s led the Directors of the East India Company in London to ask for an increase in the supply of cotton textiles for West African trade (BL, IOR/E/4/863; BL, IOR/E/4/997; Sriktivasachari 1962, p. 92) suggests that British cottons were supplementing a shortage in the supply of Indian cottons to West Africa rather than competing with them. In other words, as Table 2 also indicates, Indian cotton textiles were Britain’s primary means of exchange for the purchase of African slaves for the Americas in the eighteenth century.

2.2 *Indian Cotton Textiles in Pre-colonial West Africa*

Having established the importance of Indian cotton textiles to Britain's African trade, we can now turn to an examination of their significance in the global economy as a whole, and then in the African context.

The textiles produced by South Asian weavers attracted consumers around the globe because of their expertise in printing, painting and pencilling. Their products were renowned for their many colours and designs, and also for their ability to withstand both repeated washing and exposure to sunlight. It is therefore not surprising that they were widely sought after in the pre-industrial world (Alpern 1995; Roy 1996; Riello and Parthasarathi, 2009; Riello and Roy 2009; Parthasarathi 2011, Riello 2013, Beckert 2014).

For its part, West Africa also had a long history of textile production, consumption and trade that preceded the contact with Europeans dated back to the fifteenth century. During the early stages of its spread into the region, Islam had played a crucial role in diffusing the technology of textile production. The wearing of clothes was a custom adopted by converts that marked their membership of the ummah and distinguished them from followers of animism (Candotti 2010). Jeremy Prestholdt has written about the cultural and social meanings of consumption in late nineteenth-century East Africa (Prestholdt 2008). In pre-colonial West and West-Central Africa too, the consumption of imported cloth was a way in which all levels of consumers could demonstrate prestige (Thornton 1998; Martin 1986). In addition, Colleen Kriger has argued that imported textiles such as Indian cottons could motivate local weavers in West Africa to manufacture new types of textile (Kriger 2006, 2009).

Throughout the age of the Atlantic slave trade, Indian cotton textiles were in great demand in West and West-Central Africa. European merchants who could not offer them in exchange would often find it difficult to purchase slaves from African traders. Still, it should be noted that as the composition of commodities depended on the area of Atlantic Africa to which they were being exported, the demand for Indian cotton textiles varied according to the time and the particular circumstances of a trading post (Richardson 1979; Law 1991). For example, at the turn of the eighteenth century it seems likely that Indian cottons sold well in the vicinity of the Gold Coast, the Bight of Benin and Angola, but were not in much demand in Sierra Leone and the Gambia (Davies 1957; Metcalf 1987; Kriger 2009).

Slaves were exchanged for many different types of Indian cotton cloth. According to Stanley Alpern, they included baft, brawl, calico, chintz, Guinea stuff, nicanee, photae, and tapseil (Alpern 1995). For example, in 1688 the Royal African Company exported 6355 pieces of brawl, 11,000 pieces of Guinea stuff, and 3563 pieces of nicanee to West Africa. When these figures are compared to the 1385 pieces of Silesian linen that the company also exported that year, the popularity of these cottons in West Africa in this period becomes clear (Davies 1957, pp. 353–54).

3 Thomas Lumley & Co.

As was mentioned in the introduction, the British Atlantic slave trade reached its final peak at the turn of the nineteenth century. In this section, the business documents of Thomas Lumley, a London merchant, will be examined in order to illustrate the nature of Britain's global commercial networks at that time.

There seems to be little surviving evidence regarding Lumley's family background. However, the *London Directory* (1798–1808) records Thomas Lumley as a warehouseman based in Gutter Lane in the City of London around 1800. As will be discussed in detail below, he bought cotton textiles from the English East India Company (TNA, C 114/155), and sold them on to merchants in London, Liverpool and other places. Many of these merchants were engaged in the slave trade, and Lumley himself also invested in the trade on eight occasions during the years 1803 to 1808.³ His business networks extended from Liverpool and Glasgow in Britain to Lisbon, Bologna, and Livorno in continental Europe, and to Kingston and New York in the Americas. These networks were maintained even after Britain ceased to participate in the slave trade in 1807 (TNA, C 114/1-C 114/3). Meanwhile, Lumley sent a petition to the Chancellor of the Exchequer, Spencer Perceval, on behalf of merchants in London to claim compensation for slave traders who were in difficulties because of the resulting loss of their business (TNA, C 114/3a).⁴

At present, the papers of Thomas Lumley & Co. are being held as part of the Chancery Master's Exhibits in the National Archives at Kew (TNA, C 114/1-C 114/3; TNA, C 114/154-C 114/158).⁵ The papers include over 2500 letters, a cash book (1801–1803), a journal (1801–1810), ship accounts, invoices, receipts, instructions for navigation, muster rolls, and insurance certificates. As well as providing evidence for the business activities of Lumley himself, the documents offer valuable insights into the trade routes followed by Indian cottons.

Voyages: The Trans-Atlantic Slave Trade Database makes extensive use of the information that the Lumley papers give about the slaving trips in which the company invested. The data include basic information about the actual ships (such as the names of the vessels, the places and years of construction, and the tonnages), the voyage itineraries (including the principal places where slaves were both purchased and sold), the dates of voyages, details of the captains and their crews, the number of slaves embarked and disembarked, the gender composition of the slaves, their cash prices in sterling and so on. As far as I am aware, however, no substantial use has

³According to *Voyages: The Trans-Atlantic Slave Trade Database*, Lumley invested in the 1803, 1804 and 1806 trips of the *Bedford*; the 1804 trip of the *Betsey* (1804); the 1805 and 1807 trips of the *Frederick* (1805, 1807); and the 1806 and 1807 trips of the *Harriot*.

⁴The petition was unsuccessful (TNA, C 114/3b).

⁵I owe this information to a meeting with Professor David Richardson at the University of Hull on 24 June 2009.

been made of the papers as a source of information for the trade routes followed by goods manufactured in India.⁶

According to the cash book, Lumley regularly purchased Indian cotton textiles from the English East India Company, paying either in cash or bills (TNA, C 114/155). Journal entries for the period 10 February 1801 to 1 October 1810 show that he used his business networks to sell these textiles to merchants in London, Liverpool and other places. The journal also includes the dates of transactions, the names of the merchants to whom Lumley sold Indian goods, the amounts and values of the Indian textiles that were being sold, the types of textiles, and the methods of payment. Above all, it gives the name of the vessels that carried the textiles from Liverpool to West and West-Central Africa (TNA, C 114/154). By combining this information with the data from the *Voyages* database, it is possible to build an accurate picture of the commercial networks that led from India via Britain to Atlantic Africa.

4 The Trade Routes of Indian Cotton Textiles Exported to West and West-Central Africa

4.1 Common Trade Routes

The English East India Company was the main supplier of Indian cotton textiles for the London market. The company held auctions in Leadenhall Street in the City of London, and wholesalers and merchants who had a role in the slave trade were among the major purchasers (Chaudhuri 1978, pp. 303–304). They would consign textiles and other goods to captains of ships bound for Africa. This was probably the most common route along which cotton textiles travelled from India via Britain on the way to Atlantic Africa, and the papers of Lumley & Co. help to document this trading pattern.

Until 1813 the East India Company held a monopoly of trade between Britain and Asia, and its supply of Indian textiles did not always satisfy London buyers. This is clear from a petition from London merchants such as Gilbert Ross dated 10 October 1770. They asked the Lords of the Treasury to give them a license to purchase Indian textiles in Rotterdam for trade with West Africa (BL, IOR/E/1/54). Indeed, in the eighteenth century many British ships called at the Netherlands en route to West Africa for the purpose of procuring textiles for the Atlantic slave trade. The Court of Directors of the South Sea Company recorded that they were sending ‘the ships *Mermaid* and *Essex* destined for Angola & Buenos Ayres [...] to Holland to take in the goods wanting to compleat their Cargoes’ (BL, Add MS 25503). The

⁶The Lumley & Co. documents have also been used for other purposes. For example, Evans and Richardson (1995, p. 665) cite one of the letters when discussing West African credit systems. Inikori (2002, p. 444) used information in the journal to convert Indian textile measurements into British cotton measurements for the period covering the second quarter of the nineteenth century.

London merchant Thomas Hall also sent his ships to the Dutch ports of Rotterdam and Amsterdam to buy Indian cottons and Silesian linens before they sailed to Africa. An invoice of the *Mermaid* dated 13 May 1732 shows that Hall had bought 23,350 guilders' worth of textiles, including 4000 pieces of Silesian linen and 1006 pieces of calico, from the Dutch merchant Jacob Senserf in Rotterdam on 13 May 1732 (TNA, C 103/130). According to Conrad Gill, the reasons for calling at the Netherlands were that 'Indian cottons were cheaper there than they were in England; linens from Germany were readily available; and there were large stocks of firearms of the types most favoured in Africa' (Gill 1961, p. 77).

In addition, the Isle of Man, which was a tax-free haven until 1765, provided ships from Liverpool ships with goods for trade with Africa. Manx merchants, mainly those based at the capital of Douglas, imported military supplies, iron, and Asian goods such as Indian cottons and cowries from Holland so that Liverpool merchants could stop at the island and procure these goods on their way to Africa (Morgan 2007).

4.2 Thomas Lumley as a Wholesaler

Table 3 has used Lumley's journal as a source in order to list details of the 130 Indian textile transactions in which he participated in 1801.⁷ In 35 cases his partners were Liverpool merchants who were also members of the Company of Merchants Trading to Africa, which had been founded in 1750. They included John, James, and William Aspinall, John Bolton, P. W. Brancker, George Case, Thomas Hinde, and Jonathan Ratcliff (Williams 1938).⁸ When ship names are given in the 'Notes' column this indicates that the textiles were purchased as exchange goods for the slave trade.

The table shows that the amounts purchased for this reason were much greater than other transactions, since in most cases the sums paid exceeded £1500 while other transactions fetched less than £300. For example, on 18 April 1801 George Case paid as much as £2600 when purchasing Indian cotton textiles for the *Active*. Lumley's correspondence records also provide evidence that Liverpool merchants were ordering Indian textiles of various types as exchange goods for the slave trade (TNA, C 114/2a; TNA, C 114/2b). As well as corroborating the statistical evidence for the important role of Indian cotton textiles in Britain's African trade, the Lumley papers therefore also suggest that Lumley was a significant figure in the Liverpool slave trade during the first decade of the nineteenth century.

In Table 4, the itinerary data from *Voyages* are used to add an African dimension to the list in Table 3 by showing the destinations of the Indian textiles bought by Liverpool merchants from Lumley in 1801. Of 21 vessels, 7 carrying Indian cottons

⁷In the years 1802 to 1807, the number of transactions in which he participated were as follows: 125, 61, 64, 52, 54, and 15 (TNA, C 114/154).

⁸George Case was Father of the Liverpool Common Council, a stronghold of Tories and African traders in the early nineteenth century (See the *Liverpool Mercury*, 19 October 1832). After Britain's withdrawal from the slave trade John Aspinall served as a magistrate in Liverpool and also played a leading role in Liverpool's palm oil trade (BPP 1812).

Table 3 Thomas Lumley's transactions of Indian cotton textiles in 1801

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
Feb.	10	Jonathan Ratcliff & Co.	Liverpool	2562	3577	For the <i>Charles Hamilton</i>
	23	William Slack & Co.		122	52	
	24	Joseph Porlal & Co.		414	360	
	27	Joseph Cohen & Co.	Caribbean Islands	16	100	
March	9	Hymen Cohen & Co.	London	641	539	
		Joseph Cohen & Co.	Caribbean Islands	6	3	
	10	Railton & Rankings	Caribbean Islands	20	25	
	12	Railton & Rankings	Caribbean Islands	10	4	
	16	A & P Cohen		26	20	
April	18	George Case & Co.	Liverpool	2578	2799	For the <i>Active</i>
		George Case & Co.	Liverpool	344	494	For the <i>Victory</i>
May	7	Brown Huson & Co.	Liverpool	2651	2768	For the <i>Princess Amelia</i>
		Hart Daniels		33	20	
		Joseph Cohen & Co.	Caribbean Islands	47	300	
	14	John Bolton	Liverpool	251	258	
	25	Goldsmid Son & Co.		179	133	
		Moses Samuels		2	25	

(continued)

Table 3 (continued)

Date	Customers	City or region	Value of sales	Quantity of sales	Notes	
			(Unit: pounds sterling)	(Unit: pieces)		
May	26	Lewis Perigal	107	100		
		Sargent Chambers & Co.	60	83		
	28	Hymen Cohen & Co.	London	223	196	
		Joseph Cohen & Co.	Caribbean Islands	6	83	
	29	Joseph Cohen & Co.	Caribbean Islands	80	50	
		John Ramsden		166	247	
30	George Case & Co.	Liverpool	3036	2663	For the <i>Molly</i>	
	A. Cottons & Co.	London	102	123		
June	2	J. De Prade	Amsterdam	70	0	
	6	Charles Fairclough	Liverpool	2968	3070	For the <i>Polly</i>
	7	Brown Huson & Co.	Liverpool	38	25	
	9	John & James Aspinall	Liverpool	3427	3049	For the <i>Thomas</i>
	10	Charlotte Se Serre	Guernsey	447	596	
	13	William & Thomas Pary		9	11	
		John Bolton	Liverpool	55	42	
		Thomas Gould		2	0	
18	George Case & Co.	Liverpool	1785	2745	For the <i>Arthur Howe</i>	

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
June	19	Charles & John Wheler & Co.		18	12	
	23	Charles & John Wheler & Co.		32	16	
	30	Thomas Hinde	Liverpool	2308	2669	For the <i>Diligent</i>
July	2	Brown Huson & Co.	Liverpool	1312	1551	For the <i>Friendship</i>
	8	Charles & John Wheler & Co.		82	61	
		Sargent Chambers & Co.		97	36	
	10	Charles & John Wheler & Co.		120	60	
		William & Thomas Pary		207	78	
		Thomas Hinde	Liverpool	677	392	See the transaction on 30 June
	11	Charles & John Wheler & Co.		66	33	
	14	Charles & John Wheler & Co.		31	17	
Charles & John Wheler & Co.			31	60		

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
July	15	Charles & John Wheler & Co.		16	10	
	16	John Bolton	Liverpool	1501	1842	For the <i>Christopher</i>
		Bainbridge Ainsley & Co.		69	31	
	20	Sargent Chambers & Co.		40	77	
		William & Thomas Pary		52	100	
	21	Brown Rogers & Browns		330	200	
		Sargent Chambers & Co.		18	7	
		P. W. Brancker	Liverpool	507	600	
		Brown Huson & Co.	Liverpool	711	560	See the transaction on 2 July
	29	Thomas & Robert Wilson		132	60	
L. B. Cohen			32	10		
Aug.	5	William & Thomas Pary		18	26	
	17	Nicholas Carlisle & Co.	London	2500	2085	For the <i>Hinde</i>
		John Bolton	Liverpool	666	325	See the transaction on 16 July

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
Aug.	18	William & Thomas Pary		136	119	
	20	Railton & Rankings	Caribbean Islands	32	18	
	22	Sargent Chambers & Co.		415	560	
		Nicholas & Robert Vickers	Liverpool	622	630	For the <i>Eliza</i>
	27	Charles & John Wheler & Co.		3	2	
		John Bolton	Liverpool	2108	1985	For the <i>Governor Wentworth</i>
	28	Max Riddell	London	358	70	
	29	Taylor, Hughan & Renny	London	94	109	For the <i>Trusty</i>
		John & James Parr	Liverpool	122	77	For the <i>Earl of Liverpool</i>
	Sept.	1	Thomas Lumley & Co.	London	28	10
2		Brown Rogers & Browns		97	100	
3		James Allen		15	50	
10		J. De Prade	Amsterdam	8	7	
11		Doxat & Duett		34	34	
		Ripley & Rivier & Co.		1	0	

(continued)

Table 3 (continued)

Date	Customers	City or region	Value of sales	Quantity of sales	Notes	
			(Unit: pounds sterling)	(Unit: pieces)		
Sept.	14	Ripley & Rivier & Co.		15	0	
		Gabriel James & Co.	Liverpool	1703	1919	For the <i>Levant</i>
		Charles & John Wheler & Co.		50	200	
	15	Samuel McDowal & Co.	Liverpool	521	446	
	16	William Aspinall	Liverpool	2042	2139	For the <i>Will</i>
		Samuel Hinde & Co.	Liverpool	1799	1736	For the <i>Agreeable</i>
	17	Thomas Marshall		83	44	For the <i>Elizabeth Balston</i>
	19	Thomas Lumley & Co.	London	64	77	
		Charles & John Wheler & Co.		22	89	
		Joseph Cohen & Co.	Caribbean Islands	13	9	
	22	Railton & Rankings	Caribbean Islands	11	16	
	25	J. De Prade	Amsterdam	15	14	
	30	William Aspinall	Liverpool	2657	2366	For the <i>Young William</i>
		Nathaniel McGhie		22	14	

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
Oct.	1	Joseph Cohen & Co.	Caribbean Islands	49	60	
	5	William & Thomas Pary		82	300	
	6	William Aspinall	Liverpool	580	290	See the transaction on 16 Sep.
		Joseph Porlal & Co.		325	360	
	9	Jacob Samuels		22	43	
	14	Joseph Cohen & Co.	Caribbean Islands	1	0	
	16	Ripley & Rivier & Co.		15	5	
		Samuel Hinde & Co.	Liverpool	489	245	See the transaction on 16 Sep.
		George Case & Co.	Liverpool	1973	2814	For the <i>Aurora</i>
		Thomas Jones	Liverpool	14	62	
	20	John & George Scott	London	362	280	
		George Case & Co.	Liverpool	100	100	See the transaction on 16 Oct.
	22	Thomas Lumley & Co.	London	58	51	
	23	John & George Scott	London	119	83	
William & Thomas Pary			41	43		

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
Oct.	24	John & George Scott	London	118	85	
		Thomas Lumley & Co.	London	23	26	
		Thomas Lumley & Co.	London	25	30	
	30	Joseph Cohen & Co.		251	160	
		Railton & Rankings		62	100	
		Robert Bent	London	767	670	
31	G. Preston, Winder & Co.	Liverpool	252	340	For the <i>Prudence</i>	
Nov.	3	George Case & Co.	Liverpool	1510	2070	For the <i>Nimble</i>
		James Bolland		153	222	
		Joseph Cohen & Co.		61	65	
	4	Brown Rogers & Browns		26	208	
		Joseph Cohen & Co.		69	60	
	6	William Aspinall	Liverpool	814	400	See the transaction on 30 Sep.
	10	Brown Rogers & Browns		68	25	
		Joseph Cohen & Co.		14	19	
		Sargent Chambers & Co.		35	20	

(continued)

Table 3 (continued)

Date		Customers	City or region	Value of sales	Quantity of sales	Notes
				(Unit: pounds sterling)	(Unit: pieces)	
Nov.	16	Samuel McDowal & Co.	Liverpool	527	408	For the <i>Annan</i>
	17	S. B. Cohen		29	10	
	24	Brown Rogers & Browns		69	60	
	25	William & Thomas Pary		48	42	
		Ripley & Rivier & Co.		2	1	
		Joseph Porlal & Co.		504	355	
	29	Richard Miles & Co.	London	2328	2365	For the <i>Aurora</i>
Dec.	18	Burton Spencer & Co.		6	2	
	31	Moses Samuels		9	6	
		Sargent Chambers & Co.		1	4	
Total				59,147	60,807	

Source TNA, C 114/154

Table 4 Re-exports of Indian cotton textiles sold by Thomas Lumley to Liverpool merchants in 1801

Merchants	Vessels	Principal place/region of slave purchase in Africa	Voyage ID
Jonathan Ratcliff & Co.	Charles Hamilton	West and West-Central Africa	83557
George Case & Co.	Victory	Congo river	83968
Brown Huson & Co.	Princess Amelia	Bonny	83217
George Case & Co.	Active	N/A	80025
John & James Aspinall	Thomas	Bonny	83764
George Case & Co.	Molly	Bonny	82780
Charles Fairclough	Polly	West and West-Central Africa	83138
George Case & Co.	Arthur Howe	Cameroon	80364
Thomas Hinde	Diligent	Bonny	81039
Brown Huson & Co.	Friendship	N/A	81533
John & James Parr	Earl of Liverpool	Windward Coast	81116
Nicholas & Robert Vickers	Eliza	N/A	81187
John Bolton	Governor Wentworth	Gold Coast	81652
Gabriel James & Co.	Levant	Sierra Leone	82249
Samuel Hinde & Co.	Agreeable	Bonny	80125
William Aspinall	Will	Bonny	84030
William Aspinall	Young William	Bonny	84103
George Case & Co.	Aurora	Old Calabar	80401
G. Preston, Winder & Co.	Prudence	West and West-Central Africa	83250
George Case & Co.	Nimble	Windward Coast	82948
Samuel McDowal & Co.	Annan	Gold Coast	80307

Source Voyages

purchased from Lumley sailed from Liverpool to Bonny in 1801.⁹ In that year, the *Voyages* database records a total of 25 vessels as leaving Liverpool for Bonny. This implies that Lumley supplied almost 30% of the Indian textiles that made this journey in 1801.

Similar patterns were followed in 1802 and 1803. In 1802, out of 22 voyages that left Liverpool for Bonny, 6 voyages shipped Indian textiles supplied by Lumley; in 1803, out of 8 voyages, 2 voyages were linked to Lumley (TNA, C 114/154; *Voyages* 2008). The sharp reduction in the number of vessels bound for Bonny in 1803 was probably due to the growing unpopularity of the slave trade as pressure for abolition

⁹Bonny, in the Bight of Biafra, was the nexus of Britain's Atlantic slave trade from the middle of the eighteenth century (Lovejoy and Richardson 2004).

increased. Indeed, the total number of slave ships that left Liverpool for Africa also decreased, from 128 in 1802 to 86 in 1803.¹⁰

As we have seen above, Lumley played a large role in Liverpool's slave trade in the phase immediately before abolition. While existing works have paid attention to the financial role of London after Liverpool became important in the British slave trade (Davies 1952; Sheridan 1958; Anderson 1997), this article has shown that London was also a major supplier of exchange goods for African markets.

4.3 *Thomas Lumley as a Merchant*

In supplying other merchants with Indian cotton textiles purchased from the English East India Company Lumley was acting as a wholesaler, but he also invested in the slave trade himself. It is not clear how this direct involvement came about, but the existing sources identify an 1803 trip from London to West Africa by the *Bedford* as the first voyage in which he invested (TNA, C 114/158a).

During all the voyages in which he was an investor, Lumley remained in London as a co-owner of the ship and entrusted his cargo to the captain. This pattern of trading behavior was common among British merchants of the time (Price 1989). Captains received advance notice of the details of their itineraries in the form of instructions for navigation and were given updates when they arrived in the Caribbean Islands, or at other suitable points in the journey.

The documents concerning the third voyage of the *Bedford*, which took place in 1806, give the best insights into Lumley's involvement in the slave trade, because they range from an invoice issued in London and the account of a transaction involving the purchase of slaves carried out in West Africa, to records of the selling of slaves in Jamaica.

The muster roll for the voyage reveals that the ship had a crew of about thirty men, whose ages varied from the mid-teens to the late thirties. They were from England, Wales, Scotland, Ireland, Germany, Sweden, Italy, the United States and Africa. As well as the captain, officers, and ordinary seamen, there were a surgeon, a gunner, a carpenter, a cooper, a cook and some boys. Wages were paid monthly and varied according to qualifications. Partial advances could be made before a voyage began (TNA, C 114/158c).

The invoice, which was issued in London on 1 July 1806, records that the purpose of the voyage was to purchase slaves and African goods on the Windward and Gold Coasts. Lumley consigned the shipping of the cargo to the *Bedford*'s captain, Gilbert Wenman, an Irishman. The total value of the goods loaded at London including charges and insurance amounted to £7500. They were packed separately, in pun-

¹⁰However, it should be noted that according to *Voyages*, the total number of slave ships that sailed from Liverpool rebounded to 121 in 1804. This pattern of decline and revival also occurred elsewhere in Britain, with the number of slave ships leaving ports other than Liverpool decreasing from 39 in 1802 to 21 in 1803, but rising again to 29 in 1804.

cheons, bales, or cases. Most were items to be exchanged for slaves and African products, but there were also bags of rice and beans for feeding the slaves. The invoice shows that textiles, especially those from South Asia, accounted for 70% of the total number of items. In particular, there were 200 pieces of nicanee, chintz, and Guinea stuff, and as many as 1900 pieces of romal (TNA, C 114/158b).

The *Bedford* left London on 7 July 1806. By 4 December Wenman was at Cape Coast Castle, in the region of the Gold Coast (*Voyages*). On that day he exchanged most of the textiles, including 229 out of a total number of 246 pieces of bejutapaux, 200 out of a total number of 230 pieces of nicanee, 96 out of a total of 100 pieces of chellow, 1747 out of 1896 pieces of romal, and 239 out of 300 pieces of Guinea stuff. In return he received a total of 244 slaves. More textiles, and most of the other articles, were exchanged for goods including ivory and water at other places. In addition, some lead bars and pans were exchanged for gold (TNA, C 114/158d).¹¹ *Voyages* notes that 259 African slaves were embarked on the *Bedford*. If this figure is correct, slaves must have been among the additional goods obtained after the ship left Cape Coast Castle.

After Wenman had bought slaves, ivory and other goods in West Africa, the *Bedford* set sail for Jamaica. While the vessel was crossing the Atlantic the slaves made an attempt at resistance. When the ship arrived in Kingston on 30 April 1807, the number of slaves had fallen to 233, 167 males and 66 females (*Voyages*). They were all sold by auction during the period from 7 May to 8 August of that year. Men and women fetched different prices. During the first month of the auctions slaves were often sold for £110 or so per head. The gross sales price was £24,300, but since auction-related expenses including charges were subtracted from this amount Lumley's total earnings were £20,200 (TNA, C 114/158e). Meanwhile, Wenman purchased coffee, logwood and indigo. The *Bedford* started homewards on 4 October, arriving at London on 6 January 1808 (TNA, C 142/24; *Voyages*).

It is possible that Lumley's position as a wholesaler made it easier for him to obtain Indian cottons, but in any case, the third voyage of the *Bedford* demonstrates their importance as an exchange medium in the purchase of slaves in Africa. Although the evidence for this finding is based on only one case study of a transaction that took place on the Gold Coast at the beginning of the nineteenth century, the overall British trade statistics support the argument that Indian textiles were important articles even in the final phase of their involvement in the Atlantic slave trade.

5 Conclusion

To conclude this article, this section sums up the main arguments as follows:

First, it was pointed out that explanations of the causes behind the expansion of the British Atlantic slave trade from the seventeenth to the early nineteenth century have normally drawn attention first to the demand in Western Europe for colonial

¹¹The account of the voyage indicates that the gold bought in Africa was sold in Jamaica.

products from the Americas and the Caribbean Islands, and second to the institutional foundations of the slave trade in Africa. However, since European merchants could not obtain slaves without providing exchange goods that would appeal to African markets, it was argued that studies of the goods exported and re-exported from Britain in relation to the slave trade would not only enrich understanding of the mechanisms behind the growth of the trade but also shed light on consumption patterns within West and West-Central Africa.

Second, in order to develop this perspective on the Atlantic slave trade, it was pointed out that it was necessary to carry out research beyond the confines of the Atlantic world. British trade statistics indicate that Indian cotton textiles were the most important exchange goods in eighteenth-century British trade with Africa. During this period, annual imports of cotton textiles by the English East India Company from India to London increased from 280,000 to 2,100,000 pieces. It is also clear that the growth of Britain's Asian trade contributed to the increase in re-exports of Indian textiles from Britain to Africa (Chaudhuri 1978; Bowen 2007). This leads us to the conclusion that the growth of the Atlantic slave trade needs to be discussed from a global perspective.

Third, in order to explore the detailed trade routes of articles such as Indian cotton textiles, it is necessary to examine individual merchants or companies that were engaged in trade with Africa. This article presented the case study of one merchant, Thomas Lumley. Further research using merchant records will help us to discover not only the trade routes followed by various goods, but also regional differences in the consumption patterns of imports to Africa. Such an approach would provide additional support for the argument that knowledge of African consumer preferences was essential for any European merchant who wished to obtain success in trade along the coastal areas of Atlantic Africa. At this stage, however, it is already clear that knowledge of African markets laid the foundation for the growth of Britain's Atlantic slave trade.

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Chapter 4

The Export of Indian *Guinée* to Senegal via France: Inter-colonial Trade in the Long Nineteenth Century



Toyomu Masaki

Abstract This study focuses on the inter-colonial trade in Indian *guinée* (Guinea cloth), a blue cotton cloth produced in the French-controlled Indian territory of Pondicherry and exported to Senegal via France. Several works have shown that *guinée* cloth functioned as a currency in local trade—especially as a medium of exchange for gum arabic along the Senegal River. However, few studies focus on the broader issues of the global *guinée* trade. This study seeks to answer a series of questions using historical records obtained from Pondicherry, France, and Senegal: why the cloth had to be produced in Pondicherry, how much *guinée* cloth was transported to Senegal via France, and how the French government controlled this trade. In the process, the paper presents trade data for the period 1833–1921 concerning

This chapter is a revised version of a Japanese-language article entitled “Jūkyūseiki ni Senegaru ni Hakobareta Indosan Aizome Menpu Gine: Furansu ga Kaizai Shita Shokuminchikan Kōeki no Jittai” which was originally published in *Shakai Keizai Shigaku* 81 (2) (August 2015), pp. 95–116. The author wishes to thank the referees of the Japanese-language article for their painstaking comments. She is also grateful to the Socio-Economic History Society for the opportunity to publish the article in an English-language version. The author would also like to thank the translator, Helen Ballhatchet, for her dedicated work.

The author also benefitted greatly from the comments made by Professors Kitagawa Masahiko (Kansai University), Furukawa Masahiro (Doshisha University), and other members of the audience when she gave a paper entitled “Jūkyūseiki no Indo-san Aizome Menpu Guinée Kōeki kara Miru Furansu o Baikai to Shita Senegaru to Pondisherī no Keizai Kankei” (Economic Links between Senegal and Pondicherry via France during the Nineteenth Century: A Case Study of the Trade in Indian Guinée Cloth) at the Kinki branch meeting of the Socio-Economic History Society held at Doshisha University, Kyoto, on 19 October 2013.

The research for this paper was funded by two grants from the Japan Society for the Promotion of Science: Grant-in-Aid for Young Scientists (B) (Grant Number 17730216) “Expatriate Companies and Regional Development: The case of Senegal in 19th Century” (April 2005–March 2007) and Grant-in-Aid for Scientific Research (C) (Grant Number 24530394) “The Regional Fragmentation and the Integration to the World Economy of Western Africa through a Perspective of Currencies: 19th and 20th Century” (April 2012–March 2017). Especially, the first grant supported the research for two review articles on *guinée*-gum arabic trade in Senegal, Masaki (2006 and 2007) leading to this article.

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T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_4

the quantities and prices of the *guinée* exported from France to Senegal, and French India's share in the total imports of *guinée* into France. It also explains changes in trade policy and the reactions of each stakeholder. The significance of this study lies in the fact that it highlights the long-term global links between Pondicherry, France, and Senegal that formed as a result of the trade in *guinée* cloth.

Keywords *Guinée* (guinea cloth) · Pondicherry · Senegal · France
Inter-colonial trade · Medium of exchange

1 Introduction

Toiles dites guinée is a phrase that frequently appears in French-language works about Senegal. *Guinée* means “Guinea”, and *toiles dites guinée* literally means “the cloth called ‘guinea’”, or *giniyàgudda*¹ in Telugu and “Guinea cloth” in English. Guinea cloth was exported from India as a product that could be traded by European merchants in exchange for African goods. In order to meet the preferences of different regions of Africa, a variety of types were available. There was dyed and undyed cloth, and cloth that had patterns, such as checks, as well as cloth that was plain. They all came under the general category of “Guinea cloth”. However, the cloth known as “*guinée*” that France transported to the area of West Africa where it was establishing control in the early nineteenth century, the region from the basin of the Senegal River as far as the Île de Gorée and its surroundings, was almost all the dark blue cloth known as *guinée bleue*, since this was the type most in demand among the people who lived there.

France's first trading post in West Africa was an island of only 34 ha near the mouth of the Senegal River that had been ceded by the king of Waalo in 1659. The French called the island Saint-Louis and established a trading house, using the Senegal River to obtain goods such as slaves, gold, and later gum arabic, from further inland and exchanging them for goods sent from Europe (Fujii (Ōmine) 2001). In fact, Saint-Louis continued to function as a hub of Atlantic and African inland trade until the end of the nineteenth century.

It is common knowledge that for a long time this trade was based on bartering, and it was normal practice for expensive items such as slaves to be exchanged for a combination of several different European goods. However, when combining several completely different goods in order to exchange them for one item, it was necessary to have another product that could be used as a measure to ascertain the value of the combined goods. In Senegal, iron bars and *guinée* were often used as measures of value (Curtin 1975; Ogawa 2002). Since iron bars and *guinée* were also used in the payment of both tributes to African kings and commission fees to merchants, they had an additional function as means of payment as well as being simple barter items.

¹In Telugu, *giniyà* means “Guinea” and *gudda* means “cloth”.

It is important to note that there were chronological fluctuations in the relative importance of iron bars and *guinée*. For example, Philip Curtin, that great authority on the economic history of West Africa, has demonstrated that the shares of iron bars and *guinée* in imports to Senegal were 24.9 and 1.6% respectively in the 1680s, but that the situation was reversed in the 1830s, to 1.5 and 33.9%. He further showed that if *guinée* imports in 1718 were set at 100, the increase in 1838 would be a staggering 110,373 (Curtin 1975, pp. 318–322). In other words, the demand for iron bars was high during the period of the slave trade, and it was only after this that *guinée* became important to commercial relations with Senegal.

One factor in this shift was the fact that while there was a high demand for iron bars in the upper reaches of the Senegal River which provided slaves, it was the Moors who supplied the gum arabic sought by European merchants after the end of the slave trade, and they wanted *guinée*. Gum arabic was a resin that was obtained by scraping the bark of acacia trees. Since it develops into an adhesive when soaked in water, it played an important part in the printing of cotton cloth and demand became particularly high in Europe after the industrial revolution. Demand for gum arabic therefore led to an equivalent demand for *guinée*. However, it is not possible to attribute the increased influx of *guinée* solely to the preferences of the Moors who lived in the northern reaches of the Senegal River. Mamadou Fall, a Senegalese researcher, has pointed out that as faith in Islam spread among the general Senegalese population from the second half of the eighteenth century, people began to copy the customs of the Sufi religious leaders, or marabouts, by wearing clothes made of *guinée* (Fall 1992, p. 79). Colleen Kriger, a renowned expert on the history of cloth in West Africa, has also mentioned the link with Islam (Kriger 2006, pp. 80–87).

In this way, *guinée* brought to Saint-Louis by European merchants was later sold to African merchants at an agreed rate of exchange according to which one piece of cloth was equivalent to a set amount of gum arabic. These African merchants acted as brokers (*traitants*), taking the *guinée* to *escales* established in the middle basin of the Senegal River and exchanging it for gum arabic. *Escale* is a French word meaning “moorage”, but as Fig. 1 shows, the exchange of gum arabic for *guinée* was only carried out at specific moorages. The European merchants at Saint-Louis naturally wished to obtain large amounts of gum arabic in exchange for small amounts of *guinée*, while the Moors wanted the opposite. As a result, increases in the number of brokers had the effect of reducing their margins, so that they began to fall into debt (Hardy 1921; Masaki 2006 and 2007). Moreover, in the first half of the nineteenth century there was a gap of approximately two years between the placing of orders for *guinée* and its arrival in Senegal (Fall 1992, p. 80), and supplies of gum arabic were affected by fluctuations in both the climate and the political situation. The market for the exchange of *guinée* for gum arabic therefore suffered from structural instability.

The colonial government responded by swiftly introducing a series of policies designed to stabilise the situation in the basin of the Senegal and suppress the Moors, who were opposed to French rule. These involved restrictions on the number of brokers, fixing the values of goods traded at Saint-Louis and the moorages on the

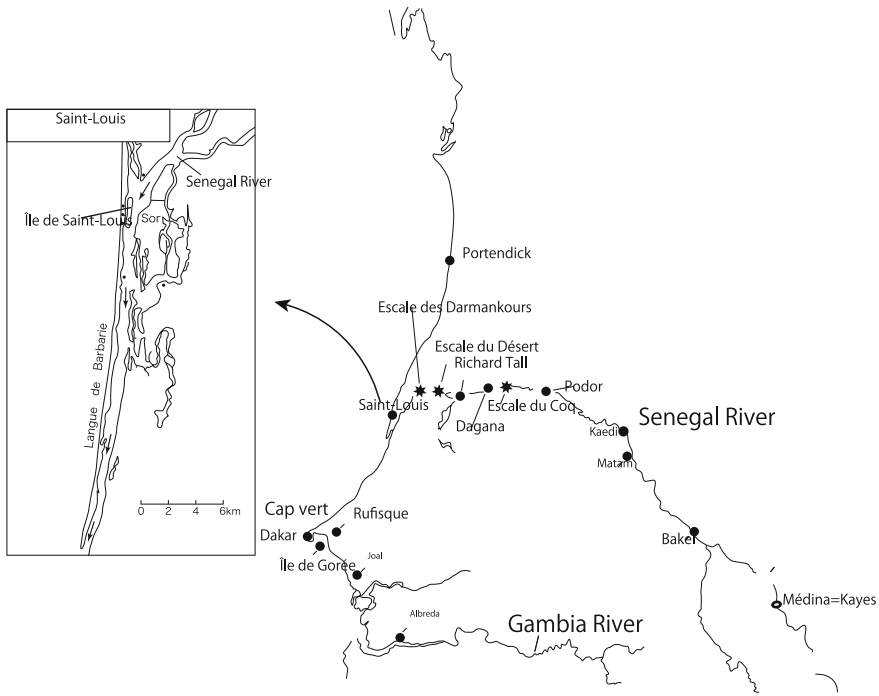


Fig. 1 Senegal

banks of the river, and the establishment of a monopoly enterprise.² However, these interventions were criticised on the grounds that they distorted the market, and none of them survived for long.³

Various studies have already given us a general picture of the *guinée*-gum arabic trade in this region. Hardy’s work (1921) examined the economic and political aspects of the colonisation of the Senegal region; Marfaing (1991) has studied local trade in the region during the period from the nineteenth century until the early twentieth century; and Webb (1995, 1999), among others, has discussed the relationship between trade and changes in local communities in the western part of the Sahel. There are also several relevant articles in a volume edited by Boubacar Barry and Leonhard Harding that was the end result of a research project that looked at the friction between European and African merchants, and the gradual decline of the

²Contemporary records of correspondence between French naval ministers and governors of Senegal (Archives Nationales du Sénégal (ANS), Fonds Sénégal Colonial 1B, 2B) indicate the great interest of both parties in the *guinée*-gum arabic trade.

³For example, in the 1840s the colonial government decided to establish a monopoly enterprise in which merchants, brokers, and other agents involved in the gum arabic trade could invest, but this led to a dispute between merchants from Bordeaux, who agreed with the move, and merchants from Marseille, who had been excluded from participation in the company. Reports of the dispute and the arguments presented by the two sides can be found in ADG, Série M Sénégal 8M14.

latter (Barry and Harding 1992). One of these, written by Mariam Sow, points to the appearance of brokers who accumulated capital by rotating the *guinée* that they received as credit, but did not use this to develop the production sector. As a result, some of them came to suffer from excessive debt (Sow 1992). There is also a further work by Webb (1995) that provides a detailed examination of the use of *guinée* as a form of credit. In other words, *guinée* had functions that were equivalent to those of currencies in the economies of the present day, and led to phenomena similar to the economic mutations or changes in the relationships among different economic agents that are brought about by fluctuations in the supply of currency today.

There is already a substantial body of research into local transactions involving the *guinée* exported to Saint-Louis. By contrast, there has been little work on the ways in which *guinée* was produced and transported to Senegal, on the underlying trade policies of the French government, or on responses to these policies.⁴ In particular, the author is aware of only three articles on *guinée* that pay attention to the French colonies of Pondicherry and Senegal, one by Newbury (1968), and two by Roberts (1992 and 1996).

Colin Newbury has published many works related to the economic history of Africa. In his article, a study of Senegal during the brief period of free trade that began with the Anglo-French Commercial Treaty of 1860, he used the trade in *guinée* to examine the interests and disagreements over trade policies of French merchants and government organisations in both France itself and its colonies. However, since he does not focus on the period before 1860 and makes concrete references to prices and trade data only in the case of years that deserve special mention, it is difficult to build a continuous picture of the situation. In fact, as Fig. 2 shows, there are wide fluctuations in the trade data for *guinée*, particularly with regard to the ratio of *guinée* produced in French India to the total of French *guinée* imports. Accordingly, information about specific years is unlikely to aid understanding of the overall picture.

Roberts was interested in using the trade in *guinée* to examine first, the relations between Senegal and Pondicherry during the period when they were both French colonies and second, the role that *guinée* played in the inland penetration of French military forces from the second half of the nineteenth century. In order to do this, he referred to the situation in both colonies and the effect of the *guinée* trade, in terms of either supply or demand. However, the overall picture is still not clear, since he has little to say about the various aspects of the process by which the *guinée* reached Senegal, including the transshipment points and the procedures that had to be followed.

To supplement the gaps left by these studies, the author first used official French yearbooks of trade statistics to compile a database for the trade in *guinée* from

⁴Information about the ways in which *guinée* produced in Pondicherry was used in trade with Africa can be found in some of the research that has been done into the French East India Company and in the records and reports left by eighteenth- and nineteenth-century merchants and adventurers. Of particular value is Duchon-Doris (1842). J.-P. Duchon-Doris Jr. himself is a merchant from Bordeaux who actually became involved in the production of *guinée* in Pondicherry. On the other hand, both Lobligeois (1972) and Weber (1988) have produced thorough studies of the production of *guinée* in Pondicherry.

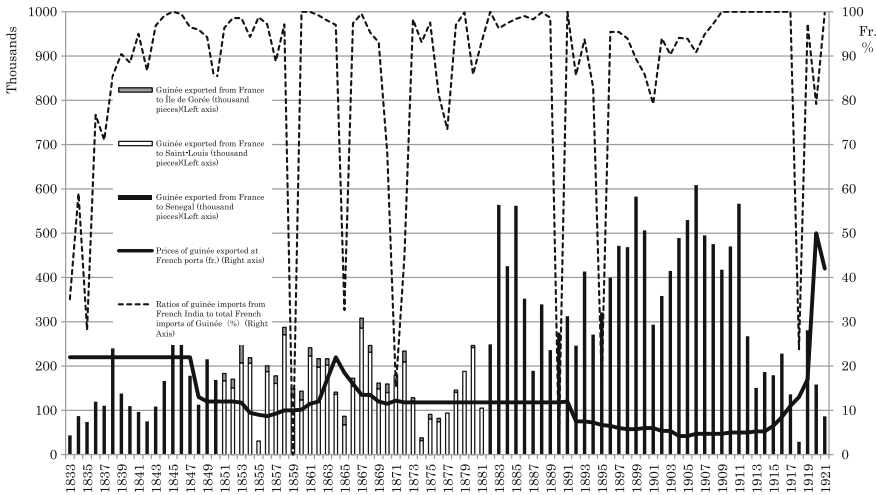


Fig. 2 Total amounts (in pieces) and prices of Guinée exported to Senegal from France and the ratios of Guinée imports from French India to total French imports of Guinée, 1833–1921. *Note 1* The figures cover only the French notion of *commerce général* (general trade). *Note 2* Data before 1856 include check-patterned towels made in India in addition to *guinée* cloth. *Note 3* For the prices of *guinée* exported at French ports, official values (1833–1846), actual values (1847–1963), average evaluation prices (1864–1868), and average transit prices (1869–1921) have been used. *Note 4* Ratios of *guinée* imports from French India to total French imports of *guinée* = Amounts (in pieces) of *guinée* imported from French India to France/Total imports of *guinée* to France. For the years 1866–1869 and 1877, records for some French imports of *guinée* give their total value instead of the total number of pieces. However, in giving the ratios of *guinée* imports from French India to total French imports of *guinée*, it was therefore necessary in these cases to estimate the amounts of *guinée* on the basis of the annual average import price of *guinée*. Source: *Tableau général du commerce de la France avec ses colonies et les puissances étrangères*, Paris: 1833 to 1896, and *Tableau général du commerce et de la navigation*, Paris: 1897–1921

French India to Senegal via France, and then analysed the chronological relationships between the trade policies of the French government and its policies towards *guinée*. This made it possible to examine the actual state of *guinée* trade from a global perspective that transcended time and space. The period covered was from 1789 to 1914, Eric Hobsbawm’s “long nineteenth century”, but statistics up to 1921 were included in order to show the after-effects of policies adopted up to the beginning of the First World War.

The main body of the article is structured as follows: Part 2 describes the circumstances that led Pondicherry to begin the mass production of *guinée* for export to Senegal. Part 3 details the features of *guinée* and the way in which it was used in Senegal. Part 4 examines the changes in both the amounts and values of *guinée* exported from Pondicherry to Senegal via France in the period 1833–1921, and shows the transshipment points. Finally, part 5 investigates the extent to which *guinée* trade during this period was affected by the protectionist preferences of the French government by listing the main laws and ordinances, and also analyses the responses

of merchants to these policies. In the course of her research, the author consulted primary sources held by the following institutions: the Archives Nationales d'Outre-Mer (ANOM) in Aix-en-Provence, the Bibliothèque Nationale de France (BNF) in Paris, the Archives Nationales du Sénégal (ANS) in Dakar, and in Bordeaux, the Archives Départementales de la Gironde (ADG) and the Archives Municipales de Bordeaux (AMB). She also used French trade statistics from the nineteenth until the early twentieth centuries, and official gazettes published by the colony of Pondicherry during the nineteenth century.

2 The Circumstances Leading to the Mass Production of *Guinée* in Pondicherry in the Nineteenth Century

As a result of the tumultuous events of the period from 1789 onwards, France was unable to pay attention to its possessions in the African continent until after the Second Treaty of Paris of 20 November 1815. The treaty allowed France to retain those overseas territories and establishments that it had already possessed on 1 January 1790: in West Africa, Saint-Louis and Île de Gorée at the mouth of the Senegal River and a few trading houses; in India, five areas, including Pondicherry. In 1816, Colonel Julien-Desiré Schmaltz arrived as de facto governor,⁵ and in the following year Senegal was established as the first French possession in Sub-Saharan Africa, with the formal title of “le Sénégal et dépendances”. Meanwhile, Pondicherry became the capital of French India, formally known as “Établissements français dans l’Inde”, with André Julien, Comte Dupuy, as its governor general. Both regions were in a state of devastation when they were returned to France.

Since Pondicherry’s strength originally lay not in weaving but in dyeing, at first unbleached cotton cloth woven in British India was sent to Pondicherry and exported to Senegal after it had been either bleached or dyed to a deep blue, through the use of indigo. In fact, until the appointment as governor of Eugène Panon, Comte Desbassayns de Richemont, who arrived in 1826, two thirds of the cloth exported from Pondicherry had been woven elsewhere (Antony 1982, p. 547). The new governor invited Michel Gonfreville, a chemist with knowledge related to dyeing, and Thomas Godefroy, ex-foreman of a cotton mill in Rouen, which was already the centre of the French textile industry. His purpose was to build an up-to-date cotton mill and begin the training of skilled workers (Antony 1982, p. 548). It is important

⁵The first article of a royal ordonnance of 7 September 1840 stipulated that the command and superior administration of the colony of Senegal and its dependencies should be entrusted to a governor residing in Saint Louis. During the period after re-possession until that point, the chief officer of the colony had been governing without a proper legal basis, and only had the official title of “Commandant et Administrateur pour le Roi du Sénégal et Dépendances (Royal Commandant and Administrator of Senegal and Its Dependencies) (Sabatié 1925, p. 49). However, from 7 January 1828, when Jean Guillaume Jubelin took office, the title of Governor started to be used. See *Annuaire du Sénégal et dépendances*.

to note that the factory began as an *atelier de charité*,⁶ built for charitable reasons by the government in order to improve the living conditions of the inhabitants after the destruction wrought upon the area during the British occupation (Diagou 1986; Lobligeois 1972; Antony 1982). In this respect, it is a sign of the influence of Saint-Simonianism, which was also attracting attention in metropolitan France during this time. In any case, in 1828 Gonfreville established an enterprise for the dyeing of cotton and silk (Lobligeois 1972, p. 14), while Godefroy started the production of cotton textiles.⁷

To help these new industries, the colonial government issued an ordinance that among other things called for the payment of a bonus (*prime*) equivalent to twenty per cent of the value of the price as declared to the customs in France. This was to be paid in the following cases: whenever machines for cotton reeling, weaving or dyeing were imported to Pondicherry on French ships; for the provision of land or exemption from charges when people who had invited foreign weavers to Pondicherry made arrangements for their living quarters; and for craftsmen who had stayed at their posts for six months to be given bonuses of 25.2 francs.⁸ This policy was supported by the metropolitan government, which issued an ordinance for the payment of bonuses of 6% of the export value for all *guinée* sent from Pondicherry by sea during the years 1829–1832.⁹ In order to make the amount of the bonuses clear, reports (*mercuriales*) giving the official prices of commodities sold on the open market were published annually in an official gazette.¹⁰ This bonus system was continued, with some breaks and revisions, until the end of the 1840s.

Unsurprisingly, this government support for the manufacture of cotton textiles led to a sudden rise in the number of private spinning and weaving enterprises. For example, in 1828, T. Blin, a businessman who had settled in Pondicherry, and T. Delbruck, an entrepreneur of Bordeaux, established a jointly-owned cotton spinning company, Blin et Delbruck. In the following year, a cotton spinning and weaving enterprise, Le Prince et Poulain, was established through the joint efforts of five investors: Blin et Delbruck itself; the company in Paris that had provided them with spinning machinery, which was also called Le Prince et Poulain; the younger brother of Jules Poulain

⁶The *atelier de charité*, which had its origins in the sixteenth century, was a public welfare institution that employed the destitute in work that would benefit society. *Dictionnaire de l'Histoire de France*, Larousse (2005, p. 74).

⁷*Arrêté relatif à la création d'un établissement pour le tissage du coton à l'euro péenne* (Order related to the building of a European-style cotton mill; 5 July 1828, Pondicherry). This order can be found in *Bulletin des actes administratifs des établissements français de l'Inde* (Bulletin of administrative orders related to institutions in French India [BAAEFI]), 1928, pp. 69–70.

⁸*Ordonnance qui accorde divers encouragements à la filature, au tissage et à la teinture du coton* (Ordinance giving various forms of encouragement for the spinning, weaving and dyeing of cotton textiles; 30 January 1828, Pondichéry), BAAEFI, 1928, pp. 4–5.

⁹*Ordonnance qui accorde des primes à l'exportation par mer des tissus de coton fabriqués sur le territoire de Pondichéry* (Ordinance giving bonuses for the export by sea of cotton manufactured in the territory of Pondicherry; 23 July 1828, Pondichéry), BAAEFI, 1928, pp. 74–75.

¹⁰The official gazettes produced in French India in the nineteenth century are the previously cited BAAEFI (1828–1866), and *Bulletin officiel des établissements français de l'Inde* (Official bulletin of French institutions in India [BOEFI]) (1867–1910).

(a partner in the Parisian *Le Prince et Poulain*) named Charlemagne Poulain, who had moved to Pondicherry because of the business opportunities; Duboy, a mechanic who had come to India with Charlemagne Poulain; and Duchon Doris Jr., the Bordeaux merchant who had arranged the transport of the machinery from France (Lobligeois 1972, pp. 49–58). These two companies merged in 1830 to form Poulain, Duboy et Cie, which was restructured as Poulain et Cie in 1832. In 1837 this company was dissolved, only to be relaunched the following year after Charlemagne Poulain had been successful in raising the necessary capital. It was sold to Savana, a Bordeaux-based company, in 1877 but continued to play a central role in *guinée* production as a major Pondicherry cotton spinning and weaving enterprise (Lobligeois 1972, pp. 58–82).¹¹

3 The Features of Pondicherry *Guinée*

3.1 Colour and Smell

According to Colleen Kriger (2009, p. 122), the Portuguese who arrived on the coast of West Africa in the sixteenth century gave the name of *panos pretos* (black cloth) to the material that they found being woven in northern Senegal. Since the Moors who lived there showed a strong preference for cloth of this type, the *guinée* that was later brought to the region was dyed to such a dark shade of blue that it was nearer to black and had no pattern, in accordance with their tastes. In France itself, a factory in Rouen had successfully begun the large-scale production of cotton cloth in 1709; by the middle of the eighteenth century mass production had become possible (Nicolas 2006). Despite this, it was Pondicherry cloth that merchants took to Senegal, because of its unique colour and smell.¹²

The key to the unique character of the *guinée* produced in Pondicherry can be found in the record of a stay made by James Holman, an adventurer who travelled all over the world in the 1830s. He mentioned that the indigo of cloth dyed in Pondicherry was of a shade not found anywhere else along the Coromandel Coast. He explained the dyeing process as follows:

The dye is obtained from about equal quantities of indigo and chunam [lime] added to water filtered through a mixture of quick-lime, and a description of sand, containing a quantity of soda, which is procured in this neighbourhood; in passing through which the water becomes of a reddish colour. (Holman 1835, p. 373)

Similarly, when writing about the structure of the Indian textile industry during the seventeenth and eighteenth centuries, K. N. Chaudhuri pointed to the “chemical interaction between the salts contained in the water of a particular place and the

¹¹Note that the name of the company is sometimes given as Savanah and Savanna as well as Savana.

¹²*Note sur la question de la guinée de l’Inde* (Note concerning the issue of India *guinée*). (ANOM, Fonds Ministériels (FM), Série Géographique (SG), Inde Carton 494, Dossier 873.

various dye stuffs” as a key factor in the superior quality of the textiles produced in particular locations (Chaudhuri 1996, p. 39). Moreover, in 1819, a pharmacist named Plagne had reported that the water in Pondicherry contained a high proportion of aluminium, a substance that helps the process of dye-fixing (Lobligeois 1972, pp. 7–8). The combination of these factors meant that *guinée* made in Pondicherry had a unique colour and smell that matched the preferences of the Moors who lived on the right-hand bank of the Senegal River.

3.2 Specifications

The *guinée* brought to Senegal differed according to how finely it was woven. For example, cloth which had 7 warp threads and 7–8 weft threads in every five mm² was called *orépaléon*; cloth which had a few more warp threads was called *salem*; cloth of 9 to 10 warp threads and 8 to 11 weft threads was *filature*; and the finest cloth, *percale*, had from 13 to 15 warp and weft threads.¹³ In addition, there were periods when special conditions of size and weight were set for pieces of *guinée* that were destined for exchange with gum arabic and eligible for favourable tariffs. Since these conditions were specified by ordinance (*ordonnance*), *guinée* that met these requirements was called “*ordonnancé*”. Further details will be given later, but basically the situation was that a royal ordinance of 1843 had specified that a piece of *guinée* cloth should be 16.5 m long, 1 m wide, and 2.3 kg in weight. The material originally produced on the Coromandel Coast had been called “long cloth”, and its length had been set at around 37 yards (33 m; Riello and Parthasarathi 2009, p. 415). The specified length of one piece of *guinée* was exactly one half of this. However, it was not unusual for *guinée* that was labelled *non-ordonnancé*, in other words pieces that did not fit the specifications, to be sent to Senegal for trade. As a result, merchants, Senegal governors, naval ministers and the French government itself all became involved in arguments about the specifications. The royal ordinance of 1843 was actually abolished on 1 January 1853, but by this time the specifications had been completely accepted by local consumers, and few changes occurred. Moreover, later in the century, there was a return to the policy of using specifications to favour *guinée* made in Pondicherry over that produced outside the French empire, as will be detailed below.

¹³See *Dictionnaire universel théorique et pratique du commerce et de la navigation* (A universal dictionary of the theory and practice of business and navigation), vol. 2, H-Z, Paris: Librairie de Guillaumin (1861, pp. 918–919).

3.3 *Guinée as a Medium of Exchange*

As has already been observed, *guinée* was originally imported to Senegal so that it could be exchanged for gum arabic. Partly because of the appearance of a substitute product (dextrin), there was a shift in the main cash crop sought by Europe from gum arabic to peanuts, but *guinée* continued to function as a medium of exchange and also as a form of currency. This is clear from a report published in Bordeaux in 1879, over twenty years after the establishment of the Banque du Sénégal at Saint-Louis in 1853 and its opening to business in 1855, as a result of which paper money and coins were introduced to the colony. The report stated that when the Senegalese who lived near the mouth of the river sold something, they wanted to be paid for goods in five-franc silver coins since these were easy to carry and keep. However, although the Moors understood the advantages of money and had to use it when trading between Gorée and Saint-Louis, they changed their coins into *guinée* before they returned to the desert.¹⁴ This was apparently because French coins were only accepted for transactions in, and near, the territory that was under French domination. Accordingly, when it was not possible to trade with the French, for example in the case of flooding, Moors in the desert turned to *guinée* cloth as a medium of exchange for obtaining food. A report submitted by Martial Merlin, head of the Senegal colonial government's political affairs section at the end of the century, also reveals that, in the Podor and Kaedi *cercles* of the middle reaches of the Senegal River, it was possible to pay head taxes with *guinée*.¹⁵ For example, 2,433 pieces of *guinée* (equivalent to 16,937.55 francs) were paid in tax to the colonial administration in Podor *cercle*, in the middle basin of the Senegal River in 1892, while in the following year, Kaedi *cercle*, which was further upriver, contributed 10,897.75 pieces (equivalent to 81,733.12 francs).¹⁶ In fact, on 27 November 1893, immediately after Merlin's report, an order was issued in the name of the governor that actually designated *guinée* as currency (*monnaie d'échange*) and stated that it could be used to pay head taxes in Matam and Podor.¹⁷

¹⁴Anon., *Le Sénégal et les guinées de Pondichéry: Note présentée à la Commission Supérieure des Colonies par les négociants sénégalais* (Senegal and *guinée* in Pondicherry: A note presented to the Higher Commission of the Colonies by merchants in Senegal), Bordeaux, 1879, pp. 7–8. Most of merchants who presented this note came from Bordeaux or had a strong relationship with this port town. This report can be downloaded from the Bibliothèque Nationale de France (BNF) Gallica website.

¹⁵This information is based on a handwritten report by Martial sent to the governor of Senegal and its dependences, dated 23 November 1893 (ANOM FM, SG, Sénégal IX 29 f). Louis Faidherbe, who first became governor of Senegal in 1854, extended direct French control inland by subjugating the existing African kingdoms. He divided the new French territory into administrative areas called *cercles* that were based on the geographical borders of the original kingdoms. (Ogawa 2015, pp. 238–239).

¹⁶Ibid.

¹⁷This order can be found in ANOM FM, SG, Sénégal IX 29 f.

4 The Amounts and Prices of the *Guinée* Exported to Senegal via French Ports

Until around 1860, all French ships bound for India went round the Cape of Good Hope, but because of the strong influence of the *exclusif* policy introduced by Jean-Baptiste Colbert in 1664, trade between colonies was forbidden. As a result, ships bound for India could stop at Saint-Louis or Île de Gorée and unload goods, but ships returning to France with goods obtained in India could not unload them at Senegal. In other words, until this regulation was abolished in 1861, the official situation was that cotton textiles destined for Senegal must go via France, irrespective of their place of origin. A law passed by the revolutionary government on 28 April 1803 had additionally stipulated the establishment of bonded warehouses (*entrepôts réel*) at the main ports and included *guinée* among the goods that were to be kept in them.¹⁸ Goods kept at a bonded warehouse were exempt from import and export duties, but if they were re-exported, they became liable for “balance of trade tax” (*droit de balance du commerce*). The balance of trade tax rate was revised any number of times but tended to be very low. For example, a law of 21 April 1818 set the rate at 0.51 francs per 100 kg, or 0.15 francs in every 100 francs. Since one piece of *guinée* was valued at about 25 francs at the time, the tax rate was only around 0.6–2.3%. By contrast, a law of 28 May 1823 stipulated that *guinée* brought to France by foreign ships would be liable to a tax of 5 francs per piece if it was re-exported from a bonded warehouse. This ensured preferential treatment for *guinée* brought by French ships.¹⁹

The protectionist measures described above were virtually all removed by a government ordinance of 24 December 1864. As will be detailed below, this led to competition on the Senegal market between *guinée* produced in French colonies and that produced in either British colonies or in the Netherlands and Belgium. However, there are no clear figures for the amounts of *guinée* that were exported directly to Senegal from these regions. In any case, French merchants continued to dominate the Senegalese market partly as a result of the preferences of the Moors. Moreover, the previous year had seen the opening of a regular shipping route from Marseille to Hong Kong via the Suez Canal.²⁰ The combination of these factors makes it likely that most of the *guinée* that entered Senegal continued to be produced in Pondicherry and to be transported via France.

Figure 2 shows the number of pieces of *guinée* sent from France to Senegal for the years 1833 to 1921, together with the export price at French ports, and the share

¹⁸There were two types of bonded warehouse, public (*entrepôt réel*) and private (*entrepôt fictif*).

¹⁹Since 100 kg of *guinée* were equivalent to roughly 50 pieces, this meant that the duty on 100 kg transported on a foreign ship would be 250 francs as opposed to only 0.51 francs if the same amount was carried by a French ship. Since at this point of time, modern methods of cloth manufacture had not been fully developed in French India, this policy was probably aimed at helping French merchants rather than at protecting *guinée* produced in French territories.

²⁰The Suez Canal was not officially opened until 1869 but according to *Annuaire des établissements français de l’Inde* (Yearbook of French institutions in India, published annually in French India from 1850), regular services to Hong Kong via Suez and Ceylon had already begun in 1863. A ferry service from the port of Galle linked Ceylon to Pondicherry.

of *guinée* produced in French India as a ratio of total French imports of *guinée*. The data were obtained from the *Commerce Général* (general trade) volumes of *Tableau Général du Commerce de la France avec ses Colonies et les Puissances Étrangères* (General Table of French Trade with the Colonies and with the Foreign Powers), the yearbook of the French Customs Authority, and its successor volume, *Tableau Général du Commerce et de la Navigation* (General Table of Commerce and Navigation). However, two points should be noted. First, between 1856 and 1857 there was a change in the type of cloth for which figures are given, from “*Guinées et autres toiles à carreaux des Indes*” (*guinée* and other check-patterned fabrics from the Indies) in the period from 1833 to 1856, to “*Guinée des Indes*” in the period from 1857 to 1921. Second, throughout the period cloth re-exported from bonded warehouses was counted both as an import and as an export.

Figure 2 reveals the following aspects of the *guinée* trade. First, the combination of industrial and protectionist policies that had been adopted in Pondicherry were successful in the sense that the period from the early 1830s through to the 1840s saw a steady increase in its share of total French imports of *guinée*. Second, the export data for the thirty years from 1851 to 1881, when there were separate entries for Saint-Louis and Gorée in the records, indicate that most of the *guinée* was sent to Saint-Louis, at the mouth of the Senegal River. Third, from the late 1860s through to the early 1870s, there was a fall in the ratio of imports of *guinée* from French India to France, presumably as a result of the liberalisation of trade in 1864. This was followed by an overall decline in exports of *guinée*. However, despite some short-term fluctuations, after the return to protectionism in 1877, exports of *guinée* from France to Senegal increased once more, as did the share of French Indian *guinée* as a ratio of total *guinée* imports to France.

It is also necessary to examine changes in the export price of *guinée* at French ports. An “official value” (*valeur officielle*) of 22 francs per piece had been established by an ordinance of 17 March 1827, and this price was effective until 1846. From 1847 to 1863 the “actual value” (*valeur actuelle*) was provided alongside the official value. For these years, the actual value has been used. From 1864, these “official” and “actual” values were replaced by a new value known as the “average evaluation price” (*taux moyens d'évaluation*). From 1869, the values were once again divided into the consumer price in France and the transit price for re-export, and the transit price has been used. The sudden jump in the value of *guinée* in the early 1860s, and the accompanying fall in exports to Senegal, were due to the American civil war of 1861 to 1865, which caused an explosion in the global price of raw cotton. However, with the exception of this abnormal situation, it is clear that the value of *guinée* during the years 1848 to 1891 was more or less stable at around 12 francs per piece. From 1892 until the outbreak of the First World War the price fell to about half of its previous value, but after the war, it jumped again as a result of a global rise in inflation, and exports from France to Senegal decreased.

The French customs yearbooks mentioned above also give details of the amounts of transshipped *guinée* at French ports for the period from 1833. Table 1 gives the figures as five-year totals, with the exception of the years 1833–1835. It is clear that Bordeaux and Marseille were virtually the only French transshipment ports for

Table 1 French transit ports for *guinée*

Period	Incoming				Outgoing			
	Bordeaux (%)	Marseille (%)	Others (%)	Total number of pieces	Bordeaux (%)	Marseille (%)	Others (%)	Total number of pieces
1833–1835	75.4	15.8	8.8	141,766	73.9	15.3	10.8	152,110
1836–1840	78.4	9.0	12.6	882,512	77.7	10.4	11.8	746,209
1841–1845	71.0	24.9	4.1	691,247	70.5	20.2	9.2	837,298
1846–1850	74.7	19.6	5.7	993,984	73.3	20.9	5.7	974,933
1851–1855	76.7	22.8	0.5	1,251,139	75.3	24.1	0.6	1,200,569
1856–1860	91.3	8.1	0.6	1,067,047	90.5	8.9	0.6	1,161,073
1861–1865	97.6	2.4	0.0	1,032,899	97.7	2.3	0.0	1,049,437
1866–1870	97.9	2.1	0.0	1,336,709	98.2	1.8	0.0	1,134,146
1871–1875	83.8	16.0	0.1	532,352	86.7	13.2	0.1	665,498
1876–1880	96.3	3.7	0.0	829,077	96.1	3.9	0.0	732,754
1881–1885	99.8	0.2	0.0	1,589,030	99.7	0.3	0.0	1,627,731
1886–1890	96.7	3.3	0.0	1,634,087	96.7	3.3	0.0	1,666,303
1891–1895	97.0	3.0	0.0	1,830,942	97.0	3.0	0.0	1,726,215
1896–1900	92.3	7.7	0.0	2,546,631	92.6	7.4	0.0	2,523,728
1901–1905	52.7	47.3	0.0	2,174,125	57.2	42.8	0.0	2,313,886
1906–1910	75.7	24.3	0.0	1,042,281	74.1	25.9	0.0	1,040,012
1911–1915	63.0	37.0	0.0	1,190,638	67.1	32.9	0.0	1,191,871
1916–1921	1.0	99.0	0.0	420,889	1.4	98.6	0.0	471,376

Source: *Tableau général du commerce de la France avec ses colonies et les puissances étrangères*, Paris: 1833–1896, and *Tableau général du commerce et de la navigation*, Paris: 1897–1921

guinée. In the second half of the nineteenth century the former became increasingly important, but in the twentieth century the situation was reversed. In India, *guinée* was handled in corges of twenty pieces, but at the bonded warehouses in France the pieces were repackaged into lots of from eighty to one hundred pieces called *balles* (bales). The holdings of the Archives Municipales de Bordeaux include two lists of the handling charges levied by the bonded warehouses, one for 1850 and the other for 1868. In 1868 the monthly transshipment charge for one piece of *guinée* was 0.38 francs. Repackaging into bales cost 0.5 francs. To cut one piece of *guinée* into two and then repackage it cost 0.12 francs, while the charge for weighing was 0.04 francs.²¹ The information in this list confirms the central role of Bordeaux as a transit point for *guinée* on its way to Africa from India (Table 1).

²¹Chambre de Commerce de Bordeaux, *Entrepôt réel, tarifs des frais d'entrepôt* (Public bonded warehouses, tariffs for handling charges), Bordeaux, 1868 (AMB 320F11).

5 Legislation Related to the Management of the *Guinée* Trade and the Responses of Merchants

France is known as a country where the state has had a large role in the management of trade, and the trade in *guinée* was no exception. When deciding the rules that should govern it, negotiations had to be carried out among various parties: the colonial government of French India, where the cloth was produced; the merchants at French ports, who acted as intermediaries during the transshipment process; the colonial government of Senegal, which oversaw the import of the cloth; and in the second half of the nineteenth century producers of the cloth in France itself. This section will therefore examine the ordinances and orders that evoked the most controversy among French merchants, explaining both the socio-economic context and the various concerns of Pondicherry, Senegal, Bordeaux, and other ports that were involved.

5.1 *The Royal Ordinance of 18 May 1843 and Its Effects*

As was mentioned in the introduction to this article, the increase in the number of brokers involved in the *guinée*-gum arabic trade during the 1830s and 1840s led to a reduction in their income. At the same time, some brokers tried to increase their margins by using smaller sizes of *guinée*, or contraband *guinée* from British India, in order to obtain gum arabic at more favourable rates of exchange.²² There was concern that this would destabilize the colony by threatening the credibility of *guinée* as a medium of exchange.

The response of the central government was a royal ordinance dated 18 May 1843. It stated that pieces of *guinée* exported to Senegal from bonded warehouses in France should be no less than 16.5 m long, 1 m wide and 2.3 kg in weight. However, a further royal ordinance, of 1 September, stated that the May 18 ordinance only applied to cloth used in the *guinée*-gum arabic trade along the Senegal River, and that cloth which satisfied the specifications must also have either a mark or a stamp that had been authorised by the colonial government in Pondicherry. In addition, packages of cloth were not to contain both stamped and non-stamped *guinée*. Another royal ordinance, dated 11 October, announced that the new regulations were to take effect on 1 October of the following year.

In preparation for the implementation of this ordinance, on 9 December 1843 the colonial government of Pondicherry issued an order related to the manufacture and export of all *guinée* that would be affected. The main stipulations of the order were as follows:

²²*Guinées réglementaires* (Regulated *guinée*), p. 35, in ANOM, FM, SG, Senegal IX26 bis a. The title, author, and date are unknown.

1. From 20 December, those responsible for the manufacturing of *guinée* that was to be exchanged for gum arabic at trading posts along the Senegal River must send a request to the head of the administration for the despatch of an inspection committee. The said request must be sent twenty-four hours before the cloth was scheduled to leave the factory.
2. The committee should consist of one European and two workers.
3. The committee must check that the pieces had been packaged so that the members could immediately judge whether the pieces were of a size that met the specifications. Then they should check the weight of the packages.
4. Cloth that met the specifications should be marked at the edges with a stamp of 36 millimetres in diameter.
5. A fee of 0.15 francs should be paid for every piece stamped in this way.
6. The committee must make separate records for each manufacturer, giving details of the number of pieces, their destination, and the size of the fee paid.

This order underwent many minor alterations,²³ but with the exception of the period of free trade from 1864 to 1877, the basic procedure remained substantially the same until the end of the century. In other words, *guinée* was stamped at Pondicherry, transported to French ports, and then placed in bonded warehouses before being taken to Senegal.

The detailed stipulations clearly involved extra work for the manufacturers and also increased prices, but they had the general approval of the large-scale Pondicherry *guinée* manufacturers because they also preserved their monopoly of the Senegal market. On the other hand, the system worked against the interests of small-scale craftsman producers, who used handlooms. Their cloth was valued because of the high quality of both the weaving and the dyeing, but since they had difficulty in meeting the stipulations, they were unable to compete against mass-produced *guinée*, which could easily be standardised, even though its quality was inferior²⁴. Meanwhile, the Moors did not place any importance on the presence or absence of official stamps. If the *guinée* did not meet their tastes, gum Arabic could not be obtained on favourable terms.²⁵ In fact, unstamped *guinée* of a high quality that had been imported for different reasons also found its way into the river basin.²⁶ As a result, from around 1850 French merchants involved in trade with Senegal made numerous requests to the Ministry of the Navy and the Colonies for alterations to the ordinances of 18 May

²³For example, an order of 18 December 1843 substituted the stamp for a piece of cardboard, but it was later realised that it would be difficult to find a secure way of attaching the cardboard. As a result, a further order of 24 August 1844 stipulated that a stamp of 56 millimetres in diameter should be substituted for the cardboard. There was also a gradual reduction of the inspection fee, until it was finally abolished completely.

²⁴Minutes of the Senegal Conseil d'administration (Council of administration), 2 February 1849 (ANOM, FM, SG, Senegal IX 26 bis a).

²⁵This is referred to in a letter from the Senegal Governor, Auguste Baudin, to the Minister of the Navy and the Colonies dated 9 April 1849 (ANOM, FM, SG, Senegal IX 26 bis a).

²⁶Minutes of the Council of administration, 2 February 1849 (ANOM, FM, SG, Senegal IX 26 bis a).

and 1 September 1843.²⁷ The Ministry's initial response was negative, but the newly enthroned Napoleon III reacted immediately to a petition sent by the merchants of Bordeaux in January 1852, just after the launch of the Second French Empire. A government ordinance of 17 January 1852 arranged for the two royal ordinances of 1843 to be abolished on 1 January 1853, meaning that all stipulations regarding *guinée* produced in Pondicherry would be lifted. The reason underlying this change was probably the close ties between Bordeaux, where the free-trade movement was very active, and Napoleon III, who was also a protagonist of free trade.²⁸

5.2 The Ordinance of 24 December 1864

Napoleon III's support of free trade bore fruit in the Cobden-Chevalier Treaty of 23 January 1860. This was accompanied by the tariffication of cotton textiles produced in foreign countries, which made it possible to import them into France.²⁹ After this, France signed a succession of similar treaties, with Belgium in 1861, the German *Zollverein* in 1862, Italy in 1863, and Switzerland in 1864. Restrictions on the import of British and Belgian cotton cloth were replaced by the imposition of customs duties of from 10 to 15% (Legatte 1953, p. 497), but there was no change in the policy of re-exporting cloth to Senegal by placing it in bonded warehouses at French ports. A government ordinance of 8 February 1852 had imposed a further levy of 2% on *guinée* when it was imported into Senegal. Moreover, although Île de Gorée had been made a free-trade port, so that there were no duties on imports even if they had been carried by ships that were not registered in France, an exception was made in the case of *guinée*. On 6 October 1862, another ordinance enabled French ships to import *guinée* without tariffs from French India. However, the duty of 1.5 francs per piece had been levied on foreign *guinée*, which continued to function as a discriminatory tariff.³⁰ In any case, even if the *exclusif* policy was abandoned in 1861, this did not mean that it immediately became easy to import *guinée* directly from India to Senegal.³¹

²⁷ See the minutes of a Bordeaux Chamber of Commerce meeting dated 13 January 1852, in *Chambre de Commerce de Bordeaux, Extraits des Procès-Verbaux (CCBEPV)* (ADB BIB 7 I/M1), 1852, pp. 6–7.

²⁸ For the links between the Second Empire and Bordeaux, with its support for free trade, see Nomura (2002).

²⁹ After signing the treaty France announced its intention to reduce tariffs to 30% in the next two years, and to less than 25% in the next five years (Legatte 1953: 496).

³⁰ This discriminatory tariff is mentioned in a letter from Pondicherry merchants to Governor Auguste Baudin dated 9 March 1865. See *Chambre de Commerce de Pondichéry, Législation et réglementation douanières* (Customs laws and regulations), 1865 (ANOM FM, SG, Sénégal IX 26 bis c), pp. 6–7.

³¹ ANOM, FM, SG, Sénégal IX 26bis b contains documents that show the appearance of various problems involving the colonial government in relation to the direct transport of *guinée* to Senegal by Bordeaux trading companies during the years 1862 and 1863.

In the midst of all this came an unprecedented move: an ordinance of 24 December 1864 that allowed the import to Saint-Louis of all *guinée*, regardless of the port of origin or the country in which the ship was registered, upon payment of an import tariff of 4%, and no tariffs at all for imports to Île de Gorée. This signified the removal of preferential status for Pondicherry *guinée* in the Senegal market.³² Of course, tariffs were not levied at Saint-Louis in order to protect the colony's industries, but as a source of revenue for the colonial government. In the case of Île de Gorée, tariffs had only been discontinued because they did not produce enough income to pay for the anti-smuggling measures that were needed in order to enforce them.³³ This ordinance was not welcomed by *guinée* producers in French India, who had up till now paid either no duties on their exports to Senegal, or a small import duty of 2%. As well as facing higher levies, they would also have to compete with cheaper Belgian and British *guinée*. An ordinance of 20 June 1872 did nothing to change this situation, but raised the level from 4 to 5% instead (Newbury 1968, p. 340).

The effect of this liberalisation of trade is clearly shown in Fig. 2, which gives both the ratio of *guinée* produced in French India that was imported into France and the number of pieces, and the value per piece, of *guinée* exported to Senegal from France. In the year after the ordinance of 24 December 1864, there was a huge decline in French exports of *guinée* to Senegal. Although signs of a recovery followed, there were also signs that the ratio of French Indian *guinée* imports to France was falling. From 1873 until the return to protectionism in 1877 there was a rise in share value, but this was accompanied by a sharp fall in the total amount of *guinée* that France exported to Senegal. It seems likely that exporters had begun to send *guinée* without going via France.³⁴

The Pondicherry response to this situation can be seen in a memorandum received by the Colonies Section of the Navy Ministry on 8 August 1872.³⁵ It stated that the Pondicherry cotton industry was of vital importance since it employed over 40,000 people in the area, in reeling, weaving, dyeing and other related enterprises, and produced total revenues amounting to 1,750,000 francs. In spite of this, the ordinance of 1864 had been passed without any effort at consultation and had devastated the regional economy. From the signature and the letterhead, it is clear that the memorandum was written by Pierre Panon Desbassayns de Richemont, who represented

³²This ordinance also permitted the re-export of any goods imported to Senegal regardless of their port of origin or the country in which the ship was registered. However, an additional tariff of 20 francs per ton was to be paid on all exports to France carried by foreign ships.

³³See unknown author, *Le Sénégal et les guinées de Pondichéry: Note présentée à la commission supérieure des colonies par les négociants sénégalais*, Bordeaux, 1879, pp. 5–6.

³⁴In 1879 a petition calling for the continuation of the protectionist measures of 1877 was presented to the French Senate. Included as evidence were a large number of documents that showed that during the period 1875–1876, there were trading companies in Bordeaux that had either purchased *guinée* from companies in Manchester or had begun negotiations in order to do so. Whether *guinée* purchased in this way was exported via France or directly from Britain is not made clear, but the documents prove that in 1875 French trading companies were ordering *guinée* from Manchester (See ANOM, FM, SG, Sénégal IX 28a.).

³⁵ANOM, FM, SG, Sénégal IX 26bis c.

French India in the French National Assembly from 1871 to 1876 and was also the son of Eugène Panon, Comte Desbassayns de Richemont, who had governed French India from 1826 to 1828. The box in which this memorandum is kept also contains many documents that show the desperate hopes of merchants with links to Pondicherry for a return to the pre-1864 protectionist trade system. In 1875 the Ministry responded by issuing an ordinance that arranged for exports of *guinée* from French India to receive subsidies of up to 89,000 francs from treasury funds.³⁶ This suggests that the French government of the time was prepared to support manufacturing in French India, in other words the economic stability of one of its colonies, instead of protecting the cotton textile industry in France itself at Pondicherry's expense. Discussions about the economic relationships between colonies and their colonial masters frequently refer to mechanisms that cause resources to be transferred from the first to the second. However, here there is evidence of a different type of economic link between Pondicherry and France.

5.3 *The Ordinance of 19 July 1877*

An ordinance issued on 19 July 1877 re-imposed discriminatory tariffs in order to protect *guinée* produced in both Pondicherry and France itself. In addition to an across-the-board levy of 5% on imports to Saint-Louis, 0.04 francs per metre was payable on *guinée* produced in French India and France but 0.12 francs per metre on that produced elsewhere, meaning a discriminatory tariff of 0.08 francs per metre. This change was accompanied by a return to the system whereby the customs houses in either France or Pondicherry stamped pieces of *guinée* produced in their respective areas if they were at least 15 m long, 0.85 m wide and 1.8 kg in weight. For pieces of cloth of 15 m in length, the discriminatory tariff would be 1.2 francs. Since at that time the price of one piece of *guinée* in the Senegal market was around 8 francs,³⁷ this represented about 15% of the cloth's value, meaning that stamped cloth imported to Senegal had a 15% advantage over non-stamped cloth. Further, a decree of 20 January 1879 continued to treat Île de Gorée as a free-trade area but made the region from Dakar southwards to the mouth of the Saloum River, which had previously been exempt from import taxes, subject to the same duties as Saint-Louis. This cut off the route that had been used to smuggle *guinée* imported at Île de Gorée further inland. As Fig. 2 shows, these measures coincided with the general rise in imports of *guinée* transshipped to Senegal via France that can be seen from 1877 onwards.

However, these protectionist policies complicated the trade process and distorted the market, leading to repeated conflicts between those who were able to profit from

³⁶“Dépêche ministérielle au sujet de la prime à la sortie accordée aux produits des filatures, Paris, 3 mai 1875” (Ministerial news release regarding the bonus that has been agreed for textile products), *BOEFI*, Pondichérie, 1875, pp. 181–182.

³⁷See the minutes of the Bordeaux Chamber of Commerce for 20 April 1880 (*CCBEPV*, 1880, p. 426).

the distortions and those who were not. On 20 April 1880 affairs came to head at a meeting of the directors of the Bordeaux Chamber of Commerce, sparked off by a request dated 2 February from the Minister of Agriculture and Trade that asked for the Chamber's opinion on the advisability of maintaining the protectionist ordinance of 19 July 1877.³⁸ Members of the Bordeaux Chamber of Commerce included both merchants who were closely involved in trade with Senegal and merchants with links with Pondicherry. The former were mainly interested in obtaining primary products in Senegal that they could exchange for the *guinée* that they exported from France. Since they were conscious of competition from merchants who were not French nationals, they supported the abolition of the 1877 ordinance. By contrast, merchants who had links with Pondicherry supported the edict because it protected *guinée* from French India.

The remarks of Emile Maurel at the April 1880 meeting give valuable insights into the opinions of those who argued for free trade.³⁹ He was a son of Hilaire Maurel, a founder of Maurel et Prom, a Bordeaux trading company that had a wide range of dealings in the Senegambia region. Active in trade with Senegal himself, he was also a merchant with a lot of influence in the Bordeaux Chamber of Commerce. In the second-half of the nineteenth century, the cultivation of peanuts was becoming popular in both Senegal and around the Gambia River, in British territory, as there was a high demand for them in Europe as a source of fats and oil. According to Emile Maurel, the current price of one piece of *guinée* was 8 francs while tariffs and other expenses were an additional 1.9 francs. 100 kg of peanuts could be exchanged for two pieces of *guinée*, in other words for 19.8 francs. However in Gambia, where British merchants were dominant, *guinée* was only subject to an ad valorem tax of 2%, so that a piece valued at 8 francs would be liable to a tax payment of 0.16 francs. This meant that British merchants were able to pay around 3.5 francs less than French merchants for exactly the same amount of peanuts. Worse still was the fact that the British tended to prefer palm oil, so that peanuts grown in British-controlled Gambia were normally sent to Marseille, where they competed directly with peanuts exported from Senegal by French merchants. From his point of view, therefore, the only effect of the ordinance was to make it difficult for French merchants to compete with British ones.

Insights into the arguments of the protectionists can be found in a letter from Chaumel-Durin et Cie, the company that had bought Savana, the Pondicherry *guinée* manufacturer, in January 1877 (Lobligeois 1972, pp. 96–97). Backed by signatures from two other companies, Chaumel-Durin explained that it would not be sending representatives to the meeting, but attached a letter that implied disappointment with the previous actions of the Chamber and asked for the contents of the letter to be recorded in the minutes. Chaumel-Durin had also acted as spokesman for a group of merchants who had sent a petition to the French Senate in 1879. The petition stated

³⁸See the minutes of the Bordeaux Chamber of Commerce for 2 February 1880 (CCBEPV, 1880, p. 159).

³⁹See the minutes of the Bordeaux Chamber of Commerce for 20 April 1880 (CCBEPV, 1880, pp. 416–427).

that although Maurel et Prom had called for the abolition of the decree of 1877, this did not reflect the views of every Bordeaux merchant.⁴⁰ It went on to declare that in practical terms *guinée* functioned as a currency in Senegal, that increased competition over its price had led to an influx of lightweight, low quality *guinée* from outside French territories, and that the resulting circulation of numerous different grades of *guinée* in the Senegal market had disrupted trade in general. However, it seems likely that these reasons were merely a pretext and that for Chaumel-Durin the real problem was concern for the stability of Savana, which it now owned.

Emile Maurel did not react favourably to the way in which Chaumel-Durin had both sent a letter rather than attending the meeting, and demanded that the content of the letter be included in the minutes. On the other hand, it is likely that Chaumel-Durin wished to avoid worsening the conflict between the free traders and protectionists by attending, especially since Maurel et Prom had such a powerful position within the Chamber.⁴¹ In the event, discussions of the issue at the meeting of 20 April 1880 did not lead to any conclusion, and the matter was carried over to a meeting on 5 May.

Chaumel-Durin did not send any representatives to the 5 May meeting either, but after a short discussion a vote was taken. Four were in favour of keeping the decree of 1877 and three against, while there were six abstentions.⁴² Those present agreed that a copy of the minutes should be sent to the Minister of the Navy and the Colonies as the Chamber's answer to his query of 2 February.⁴³ The same question had also been sent to the Chambers of Commerce in Lille, Nantes, Le Havre, Marseille, and Rouen. According to Newbury, Lille had no interest in the matter, but while the mercantile cities of Marseille and Le Havre opposed the decree because of its protectionist nature, the manufacturing cities of Rouen and Nantes supported it (Newbury 1968, p. 344). It therefore seems clear that attitudes to the decree of 1877 varied according to the economic interests and regional characteristics of different parts of the country, and that the juxtaposition of merchants with interests in both Senegal and Pondicherry made it particularly difficult for Bordeaux to give a clear answer.

As has already been stated, in the first half of the nineteenth century, *guinée* produced in Pondicherry was essential as a medium of exchange for gum arabic. As a result, there was no conflict between the interests of merchants in Pondicherry, Senegal and France. However, three changes that occurred in the second half of

⁴⁰ 'Pétition adressée au Sénat pour demander le maintien du décret du 19 juillet 1877 sur les toiles bleues dites *guinées* suivie de quelques observations soumises à la commission supérieure des colonies' (Petition to the Senate calling for the continuation of the decree of 19 July 1877 with regard to the blue cloth known as *guinée*, followed by several observations directed at the Higher Commission for the Colonies; ANOM, FM, SG, Sénégal IX 28a).

⁴¹ In 1880, Hubert Prom, another founder of Maurel and Prom, was vice president of the Bordeaux Chamber of Commerce, and Marc Maurel (a cousin of Emile) was in charge of its accounts.

⁴² A report of the proceedings was published by Bordeaux chamber of commerce, *Enquête sur la Liberté du Commerce des Guinées au Sénégal* (Inquiry into free trade with reference to *guinée* exports to Senegal), Séance du 5 Mai 1880, Bordeaux: Imprimerie G. Gounouilhou, 1880. This can be downloaded from BNP Gallica. The report includes the names of those who attended and the official titles of the posts held by each director.

⁴³ See the minutes of the Bordeaux Chamber of Commerce meeting dated 5 May 1880 (CCBEPV, 1880, p. 490).

the century reversed this situation. First, the fact that Europe had also become able to produce high-quality but low-cost cotton textiles caused fierce competition for African consumers of such textiles among the various European powers. Second, the main cash crop exported from Senegal shifted from gum arabic obtained from the Senegal River area, which was controlled by France, to peanuts, which could be cultivated over a wider area that included British territory. Finally, merchants involved in the *guinée* trade became split between those whose interests lay with its production and those whose interests lay with its shipment.

5.4 Developments After 1880 and the Situation at the Beginning of the Twentieth Century

A revision of the ordinance of 11 July 1877 was issued on 17 October 1880, although it did not alter the policy of protecting Pondicherry *guinée*. *Guinée* produced in either France or its territories was to receive a stamp if it was in pieces of at least 15 m long and 0.8 m wide. All *guinée* imported to Senegal would be subject to an import tariff of 0.04 francs per metre, but *guinée* that was not stamped would be subject to an extra duty of the same amount. A further ordinance of 14 June the following year reduced the general tariff to 0.025 francs, but left the extra discriminatory duty on non-stamped *guinée* unchanged. It also stipulated that stamped *guinée* pieces should be placed in boxes with lead seals before being carried from their place of production, and that *guinée* shipped from Pondicherry via France should be placed in bonded warehouses at the port of transshipment. In other words, while the general tariff had been reduced, the conditions for exemption from the extra tariff had been strengthened.

On the other hand, the stipulations regarding minimum weight had been removed in response to the pleas of merchants in Rouen, where it was possible to produce cloth that met the requirements in terms of size but was lighter than the stipulated weight.⁴⁴ Newbury points out (p. 345) that by this time both Marseille and Bordeaux had ceased their protests about protectionism. In fact, French sentiment was turning against free trade, as is clear from the introduction of the protectionist measure known as the Méline Tariff on 11 January 1892. The Méline Tariff was levied in metropolitan France, but the third clause of the legislation clearly stated that *guinée* produced in French India should be exempt from duties in both France and its colonies. This was nothing less than preferential treatment for *guinée* produced in French India

However, this does not mean that Bordeaux did not express any concerns regarding protectionism. In 1883, an anonymous pamphlet published in Bordeaux threw doubt on the prevailing belief that protectionist policies toward *guinée* were beneficial to

⁴⁴ANOM, FM, SG, Sénégal IX 27 c contains a petition from Rouen asking for revision of the 1.8 kg limit on cloth that could receive preferential tariff treatment, the justification for the limit being that heavier *guinée* cost more to transport.

the economy of Pondicherry.⁴⁵ Fifteen pages in length, its arresting title translates as *The Pondicherry Dyeing Industry Threatened by the Protection of Guinée*.⁴⁶ The pamphlet stated that in 1877, when protectionist policies had been reintroduced, there were three producers of cotton textiles in Pondicherry but that in 1883 one of these, Savana, which was based on capital from Bordeaux, had come to have a monopoly of production. This had allowed the company to develop an exploitative relationship with the many dyeing workshops in the region. As a result, if Savana were ever forced to cease production for some reason, there was a danger that the dyeing workshops would collapse as well. The report therefore argued that *guinée* dyed in Pondicherry should receive a stamp even if it had actually been produced elsewhere. The fact that Chaumel-Durin immediately published a rebuttal suggests the high level of interest in this issue at the time.⁴⁷

Almost simultaneously, a business in Rouen asked whether cloth produced in Rouen would be exempt from tariffs if it was sent to Pondicherry for dyeing.⁴⁸ There was concern that if permission was freely given in cases of this nature, it would become possible for *guinée* that had been produced outside France and French India to be stamped on the grounds that it had been dyed in Pondicherry. Accordingly, on 20 February 1884 a ministerial ordinance was issued that gave permission for stamping of cloth sent to Pondicherry for dyeing only if it was cloth that had been woven in France and immediately sent to Pondicherry. The Minister of Finance added his opinion that to provide evidence that the conditions had been met, the box containing the *guinée* must have a lead seal and the Rouen customs authority must record the size and weight of the box and issue a *passavant* (transportation permit for taxable items).⁴⁹ The system of imposing extra duties on foreign *guinée* was still in place in the twentieth century. However, if the enforcement of protectionism required so many procedures, it is not surprising that traders who had no links with *guinée* production came to regard it as nothing other than an obstacle to trade.

⁴⁵Anon., *L'industrie de la teinture à Pondichéry menacé par la protection des guinées*, Bordeaux; Agué-Delile Fils & Cie, March 1883 (ANOM, FM, SG, Sénégal IX 28b).

⁴⁶The original title is *L'industrie de la teinture à pondichéry menace par la protection de la guinée*.

⁴⁷Chaumel-Durin & Cie, *Réponse à la brochure intitulée l'industrie de la teinture à Pondichéry menacé par la protection des guinées* (Reply to the pamphlet entitled *The Pondicherry Dyeing Industry Threatened by the Protection of Guinée*, Bordeaux; Imprimerie bordelaise, May 1883 (ANOM, FM, SG, Sénégal IX 28b).

⁴⁸See the overview report presented for the consideration of the Supreme Council for the Colonies by the Colonial Services Bureau of the Ministry of the Navy and the Colonies in December 1883 (ANOM FM, SG, Sénégal IX29 b).

⁴⁹“Dépêche ministérielle, Régime des guinées tissées en France et teintées à Pondichéry” (Ministerial news release regarding the management of *guinée* woven in France and dyed in Pondicherry), Paris, 15 June 1885, *BOEFI*, 1885, pp. 464–465.

6 Conclusion

This study was an examination of the indigo-dyed cotton cloth produced in India and known as “*guinée*” in its role as a medium of exchange in the area of Senegal in the nineteenth century. The author first explored the way in which the demand for a stable supply of *guinée* to exchange for gum arabic in Senegal encouraged the colonial government of French India to sponsor the development of modern manufacturing methods in Pondicherry. Next, trade statistics for the period from 1833 until 1921, in other words from soon after the beginning of *guinée* production in Pondicherry until after the First World War, were used to show first, the number of pieces and weight of the *guinée* shipped to Senegal via France, and second, the ratio of *guinée* imported into France that had been produced in French India. As a result, it became clear that while policy changes led to fluctuations in imports, over the period taken as a whole there was no fall in the amounts of *guinée* shipped to Senegal via France, even after gum arabic ceased to be the main Senegal export in the second half of the nineteenth century. In fact, the period around the turn of the century saw a sudden jump in imports. This shows the vital role that *guinée* played as a local medium of exchange. In other words, the import of large amounts of *guinée* produced the sort of effect that Roberts has described (1996, p. 163), by facilitating France’s military invasion of the interior.

It is therefore true that *guinée*’s role as a currency allowed it to link producers in Pondicherry with consumers in Senegal. Roberts emphasised the importance of this phenomenon as an example of “colony to colony linkages” (1996, p. 168). However, as this study has shown, there was no direct link between the colonies of Pondicherry and Senegal. Instead, there was the indirect link of two poles, between Pondicherry and metropolitan France on the one side, and metropolitan France and Senegal on the other. In this sense, the relationship between the two colonies was merely the result of the way in which a suzerain country with a long history of protectionism tried to maintain its close control of two poles.

The importance of this study lies rather in what the poles joining a suzerain country to colonies in two different continents reveal about the global economic network and the ways in which it changed over space and time. For example, in the first half of the nineteenth century, when the level of political and technological development was such that competition could not really function on a global scale, the actors involved in the two poles mentioned above shared the same interests. A stable supply of *guinée* made it possible to satisfy the demand for gum arabic, leading to prosperity in the economies of Pondicherry at one end, Senegal on the other, and the transshipment ports in metropolitan France that stood in between. But the liberalisation of trade that followed the Cobden-Chevalier Treaty of 1860 reduced the profit margins of the merchants involved in the two poles, leading to conflict between those in Pondicherry and France whose interests lay with the production side, and those in France and Senegal whose interest lay with the consumption side. The former wished to ensure the survival of cloth manufacturing in Pondicherry despite its relatively low level of productivity, while the latter wished to obtain *guinée* as cheaply as possible. At this

time, a further actor appeared in the form of French producers of *guinée*, who were rivals of the Pondicherry producers but agreed with their support of protectionism.

The return to protectionism that occurred in the second half of the nineteenth century might have seemed to these actors as a point in favour of those aligned with Pondicherry. However, protectionism was promoted to such an extent that it prevented the globalisation of *guinée* production and encouraged the maximisation of the comparative advantage held by the different producer regions, as was seen in the arrangement for *guinée* produced in France to be dyed in Pondicherry. This produced a distorted market, where neither the *guinée* industry nor the overall regional economy could survive without protection. The result can be seen in the slump in French exports of *guinée* to Senegal that occurred immediately after the beginning of the First World War, as is shown by Fig. 2. Even so, despite some fluctuations during this period the actual volume of *guinée* imports to Senegal remained more or less the same. In fact, after the outbreak of war inflation occurred on a global scale, and the export price on the French market of one piece of *guinée* rocketed to 50 francs, but this did not suppress demand on the part of either the Moors or the local farmers on the Senegal end as they had no dealings in fiat money, and continued to use *guinée* as a commodity currency (Ministère des Colonies 1918, p. 43). In other words, the slump in exports from France merely suggests that *guinée* sent from French India via France was replaced by *guinée* exported directly to Senegal from producers in Britain and the Netherlands. According to a yearbook published by the Agence Générale des Colonies, in 1922 Senegal imports of *guinée* and similar cloth were valued at 740,401 francs for cloth produced in France, and 1,383,194 for cloth produced in French colonies, a total of 2,123,595. Yet imports of cloth from the Netherlands were over twice as much, at 4,445,515 francs, and imports of cloth produced in Britain were valued at 12,621,552 francs, nearly six times as much (Ministère des Colonies, 1923, p. 1308). In other words, in terms of value, British cloth accounted for 73% of total Senegal imports of *guinée* and similar cloth. According to the yearbook, the reasons for the poor showing of *guinée* from French territories were the relatively high prices, the fact that the tastes of African consumers were not taken into account, and the failure of French producers to agree to the methods of payment that British producers were willing to accept (Ministère des Colonies, 1923, p. 1309). This suggests that in the long term, the vigorous protectionist policies that had been adopted from the second half of the nineteenth century in order to safeguard *guinée* producers in France and its colonies actually helped their decline.

The same phenomenon can be observed in the case of Bordeaux, which had reached its peak of prosperity at the end of the eighteenth century as a result of its role in the slave trade, and in the reexporting of sugar from Saint-Domangue to Northern Europe. In the nineteenth century income from these sources dried up, but trade with Senegal and India provided new opportunities. Bordeaux merchants developed close links with the Senegal colonial government, the Banque du Sénégal, and metropolitan government agencies that were involved in the administration of French colonies. Bordeaux itself became a major port of transshipment for *guinée* destined for Senegal. But Bordeaux merchants developed a reputation for being conservative, and even after the Berlin Conference of 1884–1885 extended French

rule in Africa and brought it further southwards, they did not adapt to the changing circumstances. Their family-based firms were strongly attached to the Senegal region, and by the beginning of the twentieth century they had been more or less completely outmatched by more recently founded trading companies from Marseille such as Compagnie Française de l'Afrique Occidentale (CFAO), which was established in 1887. Table 1 shows how Bordeaux gave way to Marseille as the main transshipment port for *guinée* from the turn of the century. At the same time, Marseille was also overtaking Bordeaux in the extent of the economic influence that it wielded over West Africa.

As well as adding to Robert's findings by drawing attention to the two poles linking metropolitan France with Pondicherry on the one hand and Senegal on the other, this study has developed Newbury's discussion of the developments in French government policy towards the *guinée* trade in the second half of the nineteenth century and the changing relationships between the various actors. In the author's view, a particular contribution of this study is the presentation of continuous threads of data over a long time scale. This has made it possible to arrive at a clearer picture of France's trade policy, the factors that influenced it, and the effects that it had on other variables. In turn, this has revealed the existence of global economic networks that transcended time and space.

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Part II
Book Reviews

Chapter 5

Review of Osamu Saitō, *Hikaku Keizai Hattenron: Rekishiteki Apurōchi* (Comparative Economic Development: A Historical Approach)



Iwanami Shoten, Tokyo, 2008

Ayumu Banzawa

Abstract Professor Osamu Saito has challenged existing approaches to the history of economic growth and has revealed a new direction for studies of development in Japan and other countries. In the work under consideration here, which was published in 2008, he demonstrates how his methodology can be applied to comparative economic history. This short review essay focuses on an analysis of its overall framework.

Keywords Comparative history · Industrialisation · Productivity · Living standard · Japan

Professor Saitō's 1998 work, *Chingin to rōdō to seikatsu suijun: Nihon keizaishi ni okeru jūhachi-nijū seiki* (Wages, labour and living standards: The Japanese economy from the eighteenth to the twentieth centuries, published by Iwanami shoten), challenged existing approaches to the history of economic growth and revealed a new direction for studies of development. In the work under consideration here, which was published in 2008, he demonstrates how his methodology can be applied to com-

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© Socio-Economic History Society, Japan 2018
T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_5

parative economic history. Since it has already received many favourable reviews, I will focus here on an analysis of its overall framework.

Professor Saitō's historical focus has always been the comparison of East and West, principally Japan and Western Europe. The empirically based studies of Japanese history that he has published, starting with his first monograph, *Puroto kōgyōka no jidai* (The period of proto-industrialization, published by Nihon hyōronsha in 1985), have all adopted an inherently comparative framework. This work is therefore a natural development of his long-term academic endeavour.

Professor Saitō's conceptual framework is founded on a refusal to accept that the "industrial revolution" and the "market as the central element of society" can automatically be used to divide the early modern and the modern. He has pointed out that Hicks and Braudel shared a similar understanding of the market. In fact, "the growth of the market" over a long and unbroken period is an idea that underlies all his work, and also provides its cutting edge. Another of his key concepts is the rise in living standards, which gives humans the potential to transcend the Malthusian limitations of their universe. This is a theme that harks back to the earliest histories of the industrial revolution. Yet there have recently been radical developments and transformations in attitudes to the rise in living standards and the techniques used to analyse it. Professor Saitō has played a leading role in introducing these new trends to the Japanese academic world.

The book begins with a section, the first of three, titled "What is economic development?" The first chapter of this section, "A comparative history of living standards", welcomes the fact that research into living standards has gone beyond the study of particular countries in isolation and now involves international comparisons, namely the comparison of East and West. This has "finally made it possible to link research into the historical comparison of living standards with theories about the growth of markets." With this in mind, he introduces the Malthusian approach that used to dominate economic thinking and points to Pomeranz's theory of a "great divergence" as representative of recent attempts to escape from Malthus' "legacy". In the next chapter, "A clarification of the terms 'division of labour', 'market' and 'growth'", it becomes clear that the central argument of the book is founded on Adam Smith's theory of the division of labour. Through an examination of Smith's own writing on this subject he demonstrates that the theory in its normal working should not be limited to the improvement of skills and productivity brought about by increased specialisation. Differentiation in the intermediate goods sector, including the process whereby new markets are formed (along with a gradual increase in yields), should be directly linked to theories of market growth. This restatement of a "Smithian" theory of growth that has been overlooked by classical economists from Malthus and Ricardo onwards is the key to the rest of the work.

This concept is tested against the major topics that are brought up in discussions about economic growth, leading to the development of fresh ideas for examination: the "flexible specialization" that arises from the emergence of external economies and regional divisions of labour in the Marshallian sense, and "the formation of social classes" based on households (the household economy) which in terms of economic theory is equivalent to the commercialization of labour. In turn, these lead to a more

fundamental area of inquiry: the question of what precisely are the “skills” that turn someone into a “skilled labourer”. And this leads to the realization that the dichotomy between labour intensive and capital intensive forms of industrialization is separate from the issue of skill formation (whether industrialization is skill intensive or not), and the formation of a schematic diagram of types of industrialisation that takes these factors as criteria for measurement. Part One is therefore a survey that provides the background for Part Two, but the survey itself is a tour de force that places the current focus of economic history firmly in the overall line of development followed by economic theory from the eighteenth century onwards.

Part Two, “Early modern economic growth”, involves the careful analysis of evidence against the backdrop of a wide comparative framework. Chapter 3, “The cross-cultural comparison of living standards: per capita output and real wages”, examines traditional research into the history of wages and introduces the results of recent studies that overcome the limitations of the traditional approach by carrying out “explicitly pan-Eurasian comparisons of real wage levels”. Through juxtaposing this data with the theory of “the great divergence”, he is able to uncover some intriguing facts. For example, while he finds general support for Adam Smith’s view that from before the early modern period the gap between Europe and Asia was in Europe’s favour, he also finds wide variations of wage levels within this. In fact, it was not until the second half of the nineteenth century that there was a divergence between China and Japan, and between China and the lower rated regions of Europe. From this point he begins to examine the assumptions on which his argument is based, which leads to Chap. 4, “Two Smithian patterns of growth”, a comparison of the trends of real wage levels in Western Europe and Japan. He finds that while the paradoxical trend in early-modern Europe was for real wage levels to decline in spite of economic growth, no similar tendency can be found in the case of the peasants of Japan during the period of Tokugawa rule (1603–1868).

In this chapter, “Trends in income disparities”, and Chap. 6, “The family economy and the markets in land and labour”, involve quantitative analyses of these trends in real wage levels. In this chapter he makes it easier to compare Japan with northern Europe (Britain and the Netherlands) by providing a new analysis of the most detailed and comprehensive set of data for the Tokugawa period, the survey of Chōshū domain in the 1840s, *Fūdo chūshin’an*, and finds a logical basis on which to estimate household incomes according to class. The result is a clear cross-cultural comparison of income distribution that places India as most unequal, followed by Britain, with Tokugawa Japan as most equal.

In Chap. 6 he employs the arguments that have been introduced in Part Two and the new facts that he has uncovered to emphasise the fact that the income of farming households was mixed, since it comprised earnings from a number of sources. Then he embarks on an East-West comparison that is based on a complex series of estimations. He produces new estimates of the subsistence level ratios of peasant farmers by dividing them into landed famers and tenants. These show that the living standards of Tokugawa farmers were similar to those of eighteenth century English labourers, which suggests that the same comparison could be made between China and Southern Europe. However, there is a marked difference between the two continents when it

comes to the development of the factor markets that underlie these trends, particularly in the case of the land rent market, and in the patterns that they followed. He also suggests that to a certain extent a regulatory function can be seen in the case of the Tokugawa labour market. The comparison therefore leads him to conclude that while both areas experienced rising living standards, there was a “structural divergence” due to the establishment of a labour supply mechanism characteristic of peasant farmer societies in Asia, but not in Europe. These two chapters form the core of the work. They adopt a new approach to the economic history of “peasant farmer economies” that promises to yield many valuable insights as it is applied to further micro cases. They also represent a great leap forward in the precision of the tools that are available for cross-cultural historical research.

Part Three, “Convergence and divergence in the modern period”, which focuses on the experience of Europe, is a comparative history of the “divergence” that was a marked feature of the process of industrialisation as it began in Britain, and the signs of “convergence” that emerged as other countries and regions subsequently followed suit. “Convergence” resulting from the ripple effect of industrialisation has been closely associated with concepts such as “economic backwardness” and “catch-up”, but Professor Saitō’s approach makes it clear that the responses to industrialization of different countries and regions were affected by existing differences in natural resources and traditional industries. In other words, “divergence underlay apparent signs of convergence”. Chapter 7, “The industrial revolution: the beginning of the process and the way it developed”, is a detailed survey of the findings of present-day theories of the industrial revolution. By focusing the account on the experiences of the Iwakura Embassy sent by the new Japanese government to tour the leading industrial nations in the early 1870s, he also provides a fascinating glimpse into the history of East-West diplomatic negotiations. But the real point of the chapter is the redefinition of the term “industrial revolution”, which he bases on the “Smith-Marshall-Young interpretation”. Theories of “modern capitalism” have traditionally been divided into those that focus on productivity and those that focus on the prior development of a market economy, but if the division of labour and capital accumulation occur “in tandem”, there is no need for these two viewpoints to oppose each other. In other words, Professor Saitō presents a definition of the “industrial revolution” as “a revolutionary transformation in the industrial structure that occurred as a result of the synergistic advance of capital accumulation and the division of labour”. In the rest of the chapter he examines this definition against the results of recent research. Alongside the acceptance of the image of British industrialization as a “gradual process of growth”, he points to the existence of great structural changes in agriculture and traditional industries, as well as referring to craft-based production and the financial world of the City of London. It is worth noting that this overall stress on the multi-faceted nature of the British economy is largely in agreement with Adam Smith’s understanding of the division of labour.

Chapter 8, “The industrialisation of various nations” examines the experience of Europe and Japan from the second half of the nineteenth century with reference to two aspects: “economic backwardness” and “convergence as catching up”. First, he takes Gershenkron’s model as representative of theories related to backwardness

and places it in context by viewing Europe as a single economic bloc of regional links consisting of networks of exchange, in other words, of “roundaboutness”. With regard to theories of “catch-up industrialisation”, he first uses the observations of researchers such as Bradbury concerning changes in the productivity of particular industrial sectors to throw doubt on the commonly accepted theory, backed as it is by overall observations that seem to endorse the idea of single-track routes. But he then goes further, and embarks on a comparison of differences in productivity among particular sectors in Europe and Asia. In particular, he carries out a recalculation of the figures for Japan in the 1870s by accounting for the high number of people engaged in an occupation outside the agriculture and forestry sector for whom this was a second or subsidiary occupation. The results reveal that during this period the productivity gap between agriculture and manufacturing was relatively low. When these results are used to revise the comparative figures, it is clear that “the process of catching up was not a simple function of backwardness”. Further juxtaposition with Tanimoto Masayuki’s theory of indigenous economic development and Sugihara Kaoru’s theory of a labour-intensive pattern of industrialisation allows him to make a link with the idea of types of industrialisation that was presented in Chap. 2.

The final chapter, “The consequences of industrialisation”, is an examination of “standards of living”, “equality/inequality”, and “the move to a market economy” in the light of the facts that the book has uncovered. All three of these are phenomena that are normally associated with the modern industrialisation process, but the pursuit of control and regulation is presented as another feature of the modern market economy. By raising the issue of the bureaucratisation of society, Professor Saitō therefore adds an element of cultural critique to his conclusion.

As used by Adam Smith, the term “political economy” involved a strong sense of historical perspective. Similarly, the preface of this work talks of the author’s “wish to understand economic development as it occurred over the past few centuries” and therefore signals a distancing from the tendencies associated with what might be termed the presentism of François Hartog. Yet because of its rich content, this work also fulfills the purpose of political economy in Smith’s sense of “a branch of the science of a statesman or legislator”, and is therefore definitely relevant to the present time.

There are some small discrepancies between Parts Two and Three that should probably be mentioned. The innovative approach of Part Two is not fully applied to Part Three, where the argument depends on calculating totals obtained from particular national economies. Professor Saitō was one of the first scholars in Japan to measure productivity in different industrial sectors and show how productivity rates could be used in international comparisons. This approach continues to be very productive, and its introduction was certainly very significant. As for the reexamination of the growth rates of different national economies, finely honed arguments have been going on since the 1980s with the help of the painstaking accumulation of evidence, and this has changed our image of the industrialisation process in many nations. But surely it is possible to use this methodology to examine economies at a family level, rather than at the level of individuals or industrial sectors, and in a regional, rather

than a national, context. I would like to propose this as a task for future researchers, including Professor Saitō himself.

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Chapter 6

Review of Kaoru Sugihara, Kōhei Wakimura, Kōichi Fujita and Akio Tanabe (Eds.), *Rekishi no Naka no Nettai Seizon Ken: Ontai Paradaimu Wo Koete* (The Tropical Humanosphere in History—Beyond the “Temperate Zone” Paradigm)



Kyoto University Press, Kyoto, 2012

Tsukasa Mizushima

Abstract This book is a part of an ambitious undertakings to redirect global historians' concern towards the development path of the “Tropical Humanosphere” from the “Temperate Humanosphere.” Led by Sugihara, editors and contributors, consisted of several disciplines, attempt to locate their arguments in the overlaps of the global sphere, the biosphere, and the humanosphere. The coverage of the space and time is naturally wide and long, and the chapters, 14 in total, deal energy, demography, agriculture, religion and many other themes in their attempts to reach the goal of causing paradigm shift in our understanding of the Humanosphere's past.

Keywords Sustainability · Paradigm shift · Temperate zone · Tropical zone · Global sphere · Biosphere · Humanosphere · Environment · Development paths · Industrious revolution · Industrial revolution · Monsoon Asia

This book is the first volume of the series of “Lectures on Sustainability Theory,” which was published as the final report on outcomes by the Kyoto University GCOE Program “In Search of Sustainable Humanosphere in Asia and Africa.” The volume declares a restoration of the “tropical humanosphere,” by overriding the “negative” connotations it had taken on in its post-18th century history as a colonized region? of the “temperate humanosphere” (principally Europe and America). But it does not stop there. Rather, it starts with the assumption that the modern era's process of industrialization marked a major departure from the prior development path, and asks how

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© Socio-Economic History Society, Japan 2018
T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_6

a return to the original path should be accomplished. The ensuing discussion covers energy, regional differences within the tropics, demographic shifts, diseases, rice production, water, village systems, small-scale farming, forests, tropical awareness, vulnerability, Islam, diversity, equality, and other headings. Under the framework to be discussed below, its regional scope extends from Asia and Africa to the entire globe, while it casts an equally extensive historical light on the entire period from the creation of the earth and human species until recent times. In other words, it is an extremely large undertaking.

This book follows a major current research trend, “Big History,” which refers to historical studies reaching back not just to the start of human history but to the very generation of the earth itself. A major branch of these studies is the reconsideration of the role played by Asia, as demonstrated most famously by Andre Frank’s “ReORIENT: Global Economy in the Asian Age.” The papers in this volume are a response to that rise in international interest in the area. They form an extremely ambitious collection that attempts to take the lead in setting the direction for research around the world. The collection not only incorporates the results of global historical research done in Japan and elsewhere, but also presents a new perspective—namely the paradigm shift from “temperate” to “tropical”—and an attendant analytical framework that is both incisive and comprehensive.

Given the limited number of pages allotted to this review, it is not possible to cover this volume’s 16 chapters in all their breadth. I will instead go into detail on the preface by the series’ representative Kaoru Sugihara, titled “The Historical Range of the Tropical Humansphere.” The preface serves as the series’ keynote and is based on the discussions offered in each chapter. In the remaining space, I will briefly introduce the arguments of those other chapters.

Sugihara’s schema traces the long-term process of human history in terms of three “spheres”: the global sphere, the biosphere incorporating all living matter, and the humansphere itself. This approach is designed to emphasize the point that the foundations of human existence do not lie solely within the humansphere but rather are formed by the overlap of all three spheres. Each has its own development mechanism but at the same time exerts influence on the others. It is therefore essential to handle the three spheres as a comprehensive whole in order to grasp the foundations of human existence, and in this sense, Sugihara’s schema itself explains that we must address the humansphere in its interactions with and among the earth and all living matter.

The main aim of this book is to argue for the restoration of regional biospheres that have been subordinated to the global development path of modern times. He assigns the leading role, therefore, to the tropical humansphere. Modern historical development and historical awareness became centered on the temperate zone, but going back over the longer-term, the core of the “global sphere” and “biosphere” lay in the tropics. And the tropics are likely to return to that centrality once again in the 21st century. Therefore, in order to discern the direction and nature of humanity, we will have to fundamentally reassess the modern paradigm, centered as it is on the temperate zone, and reconstruct the humansphere as a whole. Further, this approach

seeks to elucidate the varied social developments of the tropical humanosphere and their potential.

Having presented this very large framework, Sugihara elucidates the long-term changes in the humanosphere and the foundations of human society, and expands the discussions of several of the chapters. The use of fire by humans reduced the threat of microscopic parasites and made it easier to secure food, thereby enabling certain areas to achieve the foundations necessary for the humanosphere. The settled agriculture that followed generated a change of demographic regime to a high-birth, high-death cycle, and formed a development path based on increasing population and expanding arable land.

Two of the development paths share the particular character of being oriented to productivity. The East Asian development path was labor-intensive and generated an “industrious revolution” the objective of which was to improve the productivity of the land, while the capital-intensive Western European development path gave rise to the industrial revolution, the objective there having been to raise the productivity of labor. However, as a result, the comparative advantage enjoyed by the tropics shifted to temperate regions, and it was there that the East Asian and the Western European development paths took the lead in the modern era.

The above was a change in the foundation of the humanosphere, but since the humanosphere exists as part of a relationship with the global sphere and the biosphere, our analysis must also include energy and environmental problems. The focus here is placed on the development of the petroleum-based world economy of the modern era. The period before the industrial revolution relied for its energy on biomass. The modern era, by contrast, promoted the transportation revolution through the large-scale use of fossil fuels and generated the development of global industrialization and a global market mechanism, leading to the loss of significance of regional biospheres. That in turn disrupted the balance among the global sphere, the biosphere, and the humanosphere, causing environmental problems.

Within this fossil fuel-based world economy, the Western European and East Asian models cited above were characterized by contrasting development paths. That is, Western Europe pursued an industrialization that was capital-intensive and resource-intensive, which meant it was also highly energy-intensive and placed a heavy burden on the environment. By contrast, East Asian industrialization was labor-intensive but not energy-intensive, and acted as a counterbalance to the European mode of industrialization. However, with the post-1970s changes in approaches to energy, the distinction between the two became ambiguous, and industrialization as a whole made the shift to the energy-intensive approach.

The above is a rough summary of the framework of Sugihara’s discussion. It aims to record the results of basic research in global history in recent years, and to offer a future direction for revising both the interpretation of human history and human history itself, through the introduction of a tropical paradigm.

The question is how that research framework and its message are expressed within the concrete individual studies of each chapter. The unifying concept here is the “ecological unit of monsoon Asia.” That choice is based on the understanding that the underlying condition of the early East Asian development path was its shared

ecological character as a monsoon region. Based on that understanding, related chapters explore rice cultivation, water, small-scale farming societies, forests, and other themes.

However, the choice to treat monsoon Asia, rather than the tropical zone, as the unit under study seems inconsistent. Sugihara himself seems aware of this problem, but the discordance remains, given that monsoon Asia includes a portion of the temperate zone and only a portion of the tropical zone. The same issue arises not only in the monsoon Asia chapters but also in the essays gathered in other sections of the study. That is probably not so much due to a lack of consistency within any given section as because the contributors do not all fully conceive the research framework as it was designed, or because of the difficulties inherent in treating the multifarious tropical zone as a single type.

I do not mean to say, however, that the overall lack in consistency in the theme “from temperate zone to tropical zone” detracts from the appeal of the individual papers that are gathered here. Summarized briefly, the chapters responded to Sugihara’s assignment in the following way. Chapter 1 discusses the significance of the great transformation that took place in the use of energy, beginning with charcoal, and then joining coal to the steam engine. Chapter 2, addressing the shift from the importance of the tropical in the early history of civilization, to the temperate, links the significance of the shift from wet to dry zones, on the one hand, with the increasingly active exchange of people and goods as well as the micro-parasite issue, on the other. Chapter 3 addresses the first of the two demographic shifts, linking questions of height and contagious disease to the argument that it was not the shift from hunter-gatherer societies to settled agriculture that gave rise to population increase, but rather that it was population increase that gave rise to settled agricultural communities, and that this shift in turn led to the extremely long era of very high rates of both birth and death. Chapter 4 argues that the shift to agriculture conversely increased the threat of malnutrition, famine and plague, and that a revolution in lifespan occurred in the 20th century that has brought about new issues such as hyper-aging and lifestyle diseases today. (The above chapters are from Section I: “The historical formation of the biosphere—from a history of human production to a history of human survival.”)

Chapter 5 discusses the development of a fossil fuel-based economy and its impact on the tropical humanosphere with reference to the oil triangle and high reliance on biomass in one part of the tropical humanosphere, and calls for the use of conventional regional energy. Chapter 6 explores the significance of the shift in rice cultivation technology from temperate to tropical zones, which moved from Japan to Taiwan, and then on to the Green revolution, and suggests that those in tropical areas may become the key to overcoming the problem of agricultural decline. Chapter 7 confronts the problem of water in the vast area of the Greater Himalayan Watershed, including both solutions and the problems inhering in the solutions themselves, and urges the limits to those solutions given climate change. (The above chapters are from Section II: “The modern world system and the tropical humanosphere.”)

Chapter 8 classifies the formation of traditional societies (prior to the early modern era) in monsoon Asia according to regional characteristics, and, by showing the characteristic features of the development path there through comparisons with

other regions, explains how the diversity within the monsoon Asia region came about through the example of the functions of financial markets. Chapter 9, addressing small-scale farming, examines the shared norms of small farm families and villages/hamlets in Japan and their relationship with higher-level administrative authorities. By designing a key, with categories such as village communities, land survey, family system, autonomous village, reform of land ownership and tax, post-war land reform, etc., it considers the entire period from the middle ages to the present and seeks to delineate Japan's particular characteristics through comparisons with China and Korea. Chapters 10 and 11 describes why forest management failed in tropical Asia and succeeded in Japan, through such themes as universalization and localization, the real and institutional devaluation of forestry and shift to silviculture or afforestation, and the importance of private sector forestry. (The above chapters are from Section III: "The development paths of monsoon Asia and Japan—Focusing on the village system that supported development.")

Chapter 12 points out that, although the first half of the 19th century saw a shift to a "negative" view of the tropics, the nutrition research of the 1920s led to a shift from the earlier environmental determinism and racial determinism toward a greater emphasis on socio-economic factors. However, this did not necessarily last. It raises concerns about the burdens placed on tropical areas by the economic growth of recent years, which was brought about by the application of science and technology cultivated in temperate zones. Chapter 13 focuses on Africa: With due attention to changes over time, it analyzes the vulnerabilities of farm households and points out the problems of conventional analyses while also showing that the trend has gone from increasing vulnerability to mitigation. Chapter 14 explores the particular features of Islamic civilization through the links among its urban, agricultural, and nomadic characters. It argues that the nature of Islam is linked to globalism and claims that Islam, through the success of Islamic banking, has become a civilization with a universality transcending the environment of the tropical arid region. The chapter further urges that this will contribute to the shift to a new paradigm in the post-capitalism era. The final chapter urges that it is essential to balance diversity and equality when building the foundations for sustainable existence based on the relationship between humans and the environment; and that, by making use of the tropical region's potential for responding to volatility and extreme conditions through its emphasis on interrelatedness and care, we must bring to reality a vernacular democracy that incorporates a variety of demands into a viable order for survival. (The above chapters are from Section IV: "Aspects of a Foundation for Life—Colonial domination, decolonization, petroleum dependency.")

The reviewer does not necessarily agree with all these arguments. There are many examples requiring debate: When "belonging" is accompanied by exclusivity, can it in fact become a principle of global social organization that takes the place of the nation state? Is equality within diversity possible without the eradication of the disparities in the actual foundations of our survival? Is there not a problem in conceptualizing the Western European system as universal? Can agricultural reform in the tropics provide a vision for the tropics amidst the irresolvable disparities

between agriculture and industry? None of these has an easy answer, and the hope is likely that many researchers will take them up.

In any case, I would like to end by expressing my strong appreciation for the ambition of this work's editors, who brought their awareness of contemporary research around the world to the effort to lay a new path for future research.

Chapter 7

Review of Mario Ōshima (Ed.), *Tochikishōka to Kinbenkakumei no Hikakushi—Keizaishi Jō no Kinsei* (Land Scarcity and Industrious Revolutions—Comparative Studies on Early Modern Economies)



Minerva Shobō, Tokyo, 2009

Ken'ichi Tomobe

The title's novelty attracts readers' attention, bringing up many questions. What does it attempt to do—comparative studies on Industrious Revolutions, let alone land scarcity? The title also says it is about the early modern period. How many historians are thoroughly familiar with these concepts? These keywords alone are already contentious. However, the book also covers a vast geographical space including Japan, China, Java (under Dutch rule), India, Germany and Russia. First of all, the editor's passion and ability should be highly praised. In addition, authors of the articles in this book have both a deep understanding of the editor's intention and scholarly integrity. The articles are all valuable academic studies. In the following, therefore, each article is summarized (with reviewer's short comments) and then the reviewer's brief remarks for the entire book are added at the end.

In Introduction "Land Scarcity and Industrious Revolutions" (Mario Ōshima), it is claimed that the recent research development calls for a research project to investigate "the early modern period from a global perspective." Then, the analysis of land scarcity and Industrious Revolutions is set as an imminent task. Finally, "comparative history of the utilization of production factors" is presented as a research framework. Ōshima continues his arguments in Chap. 1 "The Historical Configuration of Production Factors Utilization Patterns and Land Scarcity" and gives a conceptual diagram (p. 37) which illustrates diachronic and cross-cultural concepts used in his analysis. Considering land as the main production factor, he clarifies elements which affect the supply of land and elements which affect the demand of land. Land transac-

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T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_7

tion is regulated by the balance between those elements. According to the analytical framework expressed in the conceptual diagram, Ōshima explains economic events in the early modern period such as Agricultural Revolutions and the worsening land shortage. It is also according to the diagram that the research history is surveyed. To the reviewer, however, Ōshima's account for the various arguments on Industrious Revolutions looks only enumerative. A more logical account for the context in which each argument appeared should have been presented.

In Chap. 2 "The Economic Development during the Early Edo Period and Measures against Resource Constraints" (Akihiko Etō), land development in a village located in present-day Kitakyūshū City is traced through an examination of historical documents of the first half of the eighteenth century. It is revealed that although agricultural land development proceeded throughout the first half of the seventeenth century, the depletion of forestry resources manifested itself in the latter half of the century. This period coincides with the period in which Banzan Kumazawa, employed by the Okayama domain, raised an objection against forest depletion. It is an important fact that when the Japanese population is thought to have grown rapidly, forestry resources were being depleted. This fact makes us notice that land scarcity concerns not only economics which handles the matter with regard to the utilization of the production factors. It also provides research subjects for environmental history.

In Chap. 3 "Industriousness and Nature through Agricultural Books of the Edo Period" (Mitsutoshi Tokunaga), it is demonstrated that a sustainable agricultural system already existed in the late Edo period. Such ecological farming based on "acclimatization techniques" and "nurture techniques" was adopted in the face of land scarcity. Although many Industrious Revolution advocates presuppose hard work without "waiting," such presupposition contradicts the ecological farming actually adopted. In addition, Tokunaga insists that such presupposition is also irrelevant to the understanding of behavioral patterns of farmers at the time, who had a strong urge to abandon farming and move out of their home villages. Tokunaga concludes that farmers in the Edo period were pulled by opposing forces: towards "wealthy farmers/into farming" and towards "poor farmers/out of farming." Under such circumstances, they settled with reality and kept making their "living by farming."

At the beginning of Chap. 4 "The Tradition of the Land Scarcity Theory in Chinese Economic History Studies" (Atsushi Aoki), a question is raised concerning the applicability of the set of notions defined by Ōshima: such as "the early modern," "land scarcity" and "labor-intensive." When applied to China, Aoki demonstrates, these notions change their meanings region by region. Aoki insists, therefore, that researches should be conducted on a regional basis. Aoki's investigation reveals differences in the degree of population pressure between various macro-regions in China. As a result, the degree of land development also varied from region to region. He then takes up Kang Chao's models for farm families' behaviors under population growth and examines Chao's theory on the distribution of household labor. In the examination, Aoki confirms Mark Elvin's so-called "high-level equilibrium trap": that is, comparative advantage of home industries and the landlord-tenant farmer system in a society under high population pressure. This is a very instructive article with a scope for comparison with Japan and Russia.

In Chap. 5 “Land Scarcity and Agricultural Involution in Java” (Atsuko Ōhashi), differences between Japan’s “Industrious Revolution” and “Agricultural Involution” in seventeenth-century Java are made clear. As reasons for the differences, the following are pointed out: the peculiarly Javanese labor mobilization system, the financing system for the mobilization and, fundamentally, the colonial rule. The most serious problem with this multi-layered colonial control system is, Ōhashi claims, that Javanese farmers were deprived of their managerial rights concerning farming and living, and therefore, of their options and ingenuity. The points she raises have great significance for comparative history studies.

Chapter 6 “Land Scarcity in the History of India” (Kōhei Wakimura) handles situations of nineteenth-century India where an Industrial Revolution did not take place. Land shortage did appear in nineteenth-century India because of labor transfer between economic sectors and the development of commercial agriculture. According to Wakimura, however, incentives for labor-intensive farming were weak in India, because, apart from natural environment conditions (such as semi-arid climate and rainfall seasonality), there was an outside order system through which farmer households’ demand for labor or services was met by workforce outside the farmer households. This is one exemplary case in which a difference in farmer households’ methods of procuring (trading) scarce goods resulted in different macro-economic phenomena.

Chapter 7 “Farms and Huts” (Takashi Iida) takes up two farm villages of early modern Germany faced with land scarcity and traces their development concretely. It is demonstrated that, in villages where farms were not divided, population growth produced a large number of farmers living in “huts without a farm,” bringing about land shortage. Iida also shows, through the examination of records concerning the death of a spouse and remarriage, how talented farm successors were secured at undivided farms. Moreover, he sheds light on the scarcity of huts themselves. In rigid feudal societies on the east side of the River Elbe, “capital-intensive” farming (stock farming) was a more suitable path through which the Industrious Revolution proceeded, in contrast to the “labor-intensive” path of rice farming taken in East Asia. Finally, Iida calls for rigorous inquiries into land ownership, a precondition of land scarcity.

Chapter 8 “Population Pressure and the Agricultural Revolution” (Tsuneyuki Dohi) deals with Russian farm villages in the second half of the eighteenth century. Although the Russian population grew rapidly during this period, that did not lead to an agricultural reform or the introduction of labor-intensive farming. Instead, what happened were frontier expansion by territorial acquisitions and migration. In the face of the overpopulation problem, it was not labor-intensive farming but migration that took precedence in Russia. Regardless of historical period, or the vastness of land, the relationship between land scarcity and frontiers has been a universal problem throughout human history. Finally, Dohi points out as an especially Russian element the land redistribution system, a land utilization custom which contributed to the lack of private land-ownership principle.

Chapter 9 “Two Patterns of Economic Growth in Pre-modern Economies” (Osamu Saitō) makes a comparison of economic growth patterns between Western countries and Japan with a focus on the trends of real wages and per capita production. According to his examination, the difference between real wages and per capita production becomes widened in western countries (inequality widens), whereas in Japan they move in the same direction (income difference does not widen). At the same time, however, he finds in both regions Adam Smith type of market-driven economic growth precipitated by skill improvement resulting from division of labor, increasing returns brought about by diversification of industries and interdependency between them, and positive economic externalities produced by regional industrial agglomeration. Then, what caused the difference? In this regard, Saitō refers to the markedly high proportions of self-production and direct consumption in the case of Japanese farm households (Fernand Braudel’s “non-economic sphere”) and the overwhelming development of commercial and agricultural capitalism in the West (Braudel’s “the top floor”). These are also significant suggestions.

Lastly, the following are the reviewer’s comments on the whole book. Although the analytical framework posed by Ōshima, the editor, is a well-thought-out one, he presupposes that land, one of the factors of production, has always been an exogenous variable in an economic system. It is premised that land can never be enlarged in an economic system and that it is impossible to keep raising land’s productivity. In a sense, that is true. However, as Ōshima himself recognizes, there have always been people’s labor and action on the demand side of land. People have always tackled the difficult problem of bridging the gap between supply and demand by means of institutions, markets and organizations. In order to designate them, Ōshima uses the terms, custom, command and market in reference to John Hicks. However, he does not go further to examine the relationships between them or analyze changes in the their combination. Therefore, his analytical framework does not seem to give enough consideration to factors on the demand side of land: that is, households and families as labor organizations and then, as their assemblage, villages and regions. It looks as if land is squeezed into the theoretical framework of modern economics without being given its socio-economic meanings, even if the editor does not have such intention. The beauty of his editing work resides in placing, after his theoretical arguments, articles in which land is treated as a tradable good even if it is embedded in society. Each article brilliantly depicts how land has been traded, throughout history, in each of the spheres of custom, command and market with various measures. As for Industrious Revolution, it is mainly because of Jan de Vries’ arguments that it has become so popular a topic in the field of economic history. Other historians have also argued on the topic. However, even if they have raised important problems, they have treated land scarcity only conceptually, or symbolically, as one of the macro-economic factors affecting social changes. In fact, they have not presented a concrete picture regarding how people reacted to land scarcity at the micro-economic level (for instance, at the levels of farm households and villages). The editor should have provided a more logical explanation about those discussions over Industrious Revolutions, instead of an only enumerative one. In addition, when land scarcity is discussed, researchers tend to focus on farmland. However, forests and frontiers

should also be included in the discussion. As was mentioned earlier, had land been discussed, as part of environmental history, with respect to the relationships between land development, trading and living, this book would have been able to provide new research aspects for socio-economic history studies. Although it is not irrelevant to presume land scarcity in pre-modern Japan, it is an unquestionable fact that the area of cultivatable land had increased rapidly within a quarter of a century since the end of the Tokugawa period. The relationship between land development and scarcity is a more complicated problem than we have thought. Needless to say, the reviewer's requests do not diminish the book's value.

Chapter 8

Review of Kazuko Furuta (Ed.), *Chūgoku no Shijōchitsujo—17seiki Kara 20Seiki Zenhan Wo Chūshinni* (Market Order in China—From the Seventeenth Until the First Half of the Twentieth Century)



Keio University Press, Tokyo, 2013

Hajime Kose

This book is based on the reports presented at the 2009 World Economic History Congress held in Utrecht. It goes without saying that researches leading up to these reports have been conducted by already well-acknowledged academics. Therefore, the value of this book consists in how they deal with the problem, “market order in China,” which makes the title of the book. The contents of the book are as follows:

- Introduction: Markets and Market Order in China (Kazuko Furuta)
- Chapter 1: Changes in Mortgage Laws during the Song Period—the Judicial System and Customs Concerning the Factor Markets (Atsushi Aoki)
- Chapter 2: The Market Structure during the Late Ming and Early Qing Periods—Models and the Reality (Mio Kishimoto)
- Chapter 3: Sales Markets for Chinese Opium—from the 1870s until 1906 (Man-houng Lin)
- Chapter 4: Market Order and Information Asymmetry in Modern China—from the Late Nineteenth into the Early Twentieth Century (Kazuko Furuta)
- Chapter 5: Roles of Intermediary Merchants in the Chinese Market System—a Case Study on the Shanghai Manufacturing Industry between 1800 and 1936 (Kai-yiu Chan)
- Chapter 6: Institution and Network—The Shanghai Commercial & Savings Bank’s Branch Network Extension during the 1920s and 1930s (Pui-tak Lee)
- Chapter 7: The Market System during the Late Qing and Early Republican Periods: between 1870 and 1919—an inquiry into roles of foreign merchants in China (Eiichi Motono)

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© Socio-Economic History Society, Japan 2018
T. Shiroyama (ed.), *Modern Global Trade and the Asian Regional Economy*,
Monograph Series of the Socio-Economic History Society, Japan,
https://doi.org/10.1007/978-981-13-0375-3_8

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- Chapter 8: Controlled Economy and Market Order—the Silk-spinning Industry in Wuxi between 1938 and 1943 (Tsu-yu Chen)

As to Chaps. 3, 5, 6 and 8, the original Chinese texts are translated into Japanese by Yoshinori Kigoshi, Masataka Setobayashi and Kazuko Furuta, Narumi Imai, and Daisuke Wakamatsu and Narumi Imai, respectively.

It is stated in Introduction that “historical investigations into market order in China can make a great contribution to the building up of the theoretical notion of market in economics.” Recently, as the understanding of “market” varies and deepens, the validity of the “rational market” is becoming more and more dubious. From the conventional standpoint which premises the rational market, the Chinese market system looks just peculiar. Now, however, the time has come when insights gained through investigations into the Chinese market can bring about more comprehensive theories on market. With regard to the reconsideration of the notion of market, Furuta, the editor of the book, stresses information asymmetry in market and sheds light on the new research approach which lay importance on privately maintained market order. Her arguments are valid and timely, coinciding with the recent research trend in Chinese economic history which has become more focused on the immanent order of the Chinese market.

Aoki’s article claims that the Song dynasty sought to restrain and solve disputes over land transactions and mortgage loans by compiling laws related to real estate transactions. Given that the Song dynasty was anxious to sustain market order, Aoki argues, the government’s attitude towards market order had been different at the time from the one the governments after the Ming and Qing dynasties came to assume. Since the 1980s, views on the Chinese economy have changed markedly. Instead of interpreting Chinese economic history according to the “universal laws of world history,” researchers have begun to deal with the actual characteristics of the Chinese economy. In that process, studies published during the 1940s by researchers such as Yūji Muramatsu and Sukekata Kashiwa have been reevaluated. Both such studies and the recent research trend share the common understanding that Chinese governments were not anxious to bring order to the economic sphere of the society. They both emphasize private and personal relationships between economic agents as the ground of the formation of immanent order. In the economic sphere relatively independent of public power, autonomy is maintained on the basis of private and personal relationships. This is a very attractive view on the Chinese economy even today. It should be noted, however, that such view is based on the evidence concerning only to the Qing and Republican periods. The points raised by Aoki pertinently indicate the fragile ground on which recent studies on the Chinese market stand.

In Kishimoto’s article, two types of models are proposed as to the Chinese market structure: the “circle-type” model and the “chain-type” model. On the basis of the recognition that “local economies” in China (which roughly correspond to George

William Skinner's "macroregions") are basically independent of each other, she explains the relationships between these local economies according to the two models. The circle-type model represents a market structure in which local economies are connected to each other like a closed circle. On the other hand, the chain-type model represents a structure in which links between local economies extend in a tree-like shape, with one region making an apex. The group of local economies represented by the chain-type model is not a closed system in terms of division of labor. Therefore, trades with economies outside the group conversely affect relationships between the local economies. It is according to this chain-type model that Kishimoto explains the market structure during the Ming and Qing periods.

Lin's article is well-placed after Kishimoto's in that she practically adopts Kishimoto's chain-type model when she traces the circulation of Chinese opium in the late Qing period through a close examination of maritime customs reports. The picture she presents with a focus on domestically produced opium is, however, a little different from Kishimoto's. While Kishimoto stressed that relationships with economies outside the system affected those between domestic ones, Lin underscores that the system comprising local economies remains rather independent of external influences even if it has the chain-type structure. Both arguments can be interpreted as the revision and development of Skinner's conception of nine "macroregions." In fact, Lin's article does seem to point in this direction. In any case, it would be interesting if the reconsideration of Skinner's conception is undertaken.

Furuta's article deals with information asymmetry and the mechanism of information flow with special attention to the institutional aspect. It is commonly known that private and personal relationships are important for market order in modern China. Therefore, she draws attention to roles of intermediary merchants and examines the network of traveling merchants engaged in the trade between areas in which they live and their home villages. In China, such network functions as a mechanism to convey tacit knowledge such as business customs (Type A information). On the other hand, general market information such as prices (Type B information) is shared through, for instance, the circulation of printed brochures. Furuta holds that these two types of information combined set the market in motion, and that market's characteristics are determined by the balance between the two. In her view, private and personal relationships play a crucial role in the conveyance of information indispensable for trading. It is recommended that this chapter be read with Furuta's other articles on intermediary merchants, because theoretical arguments tend to become too abstract.

Chan's article presents a concrete analysis regarding roles of intermediators in markets with a focus on the transactions of rice, wheat flour, match and cement. By doing so, he aims to reevaluate intermediary merchants, whose roles have been assessed by researchers of modern Chinese history only in terms of "exploitation." Chan's study reveals that intermediary merchants, those engaged in rice trading in particular, had the credit-granting function. According to the study, forms of credit given by intermediary merchants depended on the situation in which the counterpart companies were placed.

Lee's article examines the Shanghai Commercial & Savings Bank's branch network extension. It was by extending the branch network nationwide, his study demonstrates, that the Shanghai Commercial & Savings Bank was able to win the competition with foreign and other domestic banks. It is pointed out, however, that financial and human resources problems caused by the rapid and large-scale expansion plunged the bank into stagnation. It is also shown that as modern Chinese banks became aware of information asymmetry in the Chinese market, they started to set up investigation departments. The Shanghai Commercial & Savings Bank was the first to take that step of self-reformation.

Motono's study depicts how the Chinese commercial order changed as trading negotiations developed with British and other foreign business agents operating in China. Through a minute examination of judicial records, the impact of Western logic on China, the British one in particular, is traced. The case with the transit duty, a kind of maritime customs duties, is an exemplary one. Foreigners were granted a prerogative to be exempt from the inland travel tax as long as they paid the transit duty. A serious threat to the traditional order arose when those Chinese merchants appeared who sought to obtain the prerogative under disguised foreign names. Chinese merchants also rushed to set up joint venture companies with an intention to take advantage of limited liability guaranteed under the company law. Chinese merchants were astute in finding advantageous regulations and gathered to exploit opportunities. As for the case with the imitation of foreign trademarks, the study reveals that Japan's handling of the matter contributed to the creation of foreigners' privileges of which Chinese merchants made use. Motono claims that the advent of those Chinese merchants who took advantage of prerogatives and regulations for foreigners transformed the Chinese traditional economic order based on the tax collection contract system and the close ties among those who were in the same trades or from the same hometowns. Incidentally, the tone of Motono's arguments suggests that, in his view, the mentality of Chinese business persons who seek guardians while advocating a need to change the traditional economic order has not changed since the late Qing period.

Chen's article deals with Wuxi during the Japanese occupation, giving an analysis of Japan's economic control and small silk-spinning factories left outside the control. Japan tried to control the silk industry in the occupied area by establishing the China Silk Company. However, its production reached only seventeen percent of the region's pre-war production level. Therefore, Japan was not able to obtain complete control over machine-made silk threads in Central China. Thanks to the silkworm production left outside the control, labor surplus on account of the Company's rather sluggish production and the purchase of silk threads by European and American merchants, there was enough room for small silk-spinning factories to continue production. Chen underscores the fact that market order did exist even during the Japanese occupation. As the war intensifies, however, those small silk-spinning factories finally disappeared in 1942.

Finally, it should be noted that Muramatsu et al.'s view on the Chinese society mentioned earlier holds special significance for this book. In other words, one of the aims of this book is to check and develop Muramatsu et al.'s arguments. Furuta's arguments reconfirm the view that institutions based on private and personal relationships sustain information flow and, therefore, market itself. In addition, Chinese merchants' activities vividly depicted by Motono reflect Muramatsu's view that Chinese merchants made advancement in the society, relying only on their own resourcefulness. It can be said that the emphasis on the private and personal level of social order is a result of the deepening of our historical investigations. However, the question as to the relationship between market and public power should not be abandoned. In this regard, Aoki's study is an attempt to neutralize Muramatsu's view by posing again the problem of power and economy. Arguments on market can be deepened and developed only by presenting such a broad perspective.

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